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FILE

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Our Ref.: 276240-071188

December 28, 2007

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PUCO

VIA HAND DELIVERY

Ms. Reneé J. Jenkins
Director of Administration
Docketing Department
The Public Utilities Commission of Ohio
180 East Broad Street, 13th Floor
Columbus, OH 43215

Re: *Case No. 07-1224-GA-EXM, In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services.*

Dear Ms. Jenkins:

Enclosed for filing in the above-captioned case is an original and ten copies of the Application, Exhibits, Appendices and Direct Testimony of The East Ohio Gas Company d/b/a Dominion East Ohio. Please contact me if you have any questions.

Sincerely,

Andrew J. Campbell

Enclosure

cc: Mr. Steve Puican, w/enclosure, VIA HAND DELIVERY
See attached Service List, w/enclosure, VIA REGULAR U.S. MAIL

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business. Technician TM Date Processed 12/28/2007

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Newark, OH 43055

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PUCO

**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|---|---|---|
| **In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services from Chapters 4905, 4909, and 4935 Except Sections 4905.10, 4935.01, and 4935.03, and from Specified Sections of Chapter 4933 of the Revised Code.** | ) | **Case No. 07-1224-GA-EXM** |

## APPLICATION

In accordance with the Appendix to Section 4901:1-19-04, Ohio Administrative Code, The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO" or "Applicant") submits as follows:

1. DEO, the applicant in this proceeding, is "a natural gas company," as defined in Section 4905.03(A)(6), Ohio Revised Code. DEO provides service to approximately 1.2 million customers in the state of Ohio, all of whom are expected to be affected by this Application in that it will provide for a more competitive market for natural gas commodity service.

2. DEO submits this Application pursuant to Section 4929.04, Ohio Revised Code, for approval of an exemption from the chapters and sections of the Revised Code necessary to implement Phase 2 of DEO's exit of the merchant function. DEO seeks authority to hold auctions for Standard Service Offer ("SSO") and Standard Choice Offer ("SCO") commodity sales service. Winning suppliers in the SCO auction under Phase 2 will serve specific Choice-eligible customers, as opposed to the tranches of wholesale load which are the subject of the SSO auction; DEO will continue to take title to the gas and resell it. SCO service will be made available to all Choice-eligible customers. SSO service will be made available to all non-

Choice-eligible customers. The following materials are being submitted in support of the Application and are incorporated herein:

a. Appendix A: Phase 2 Transition Plan.

b. Appendix B: Written materials related to service and product offerings which promote effective customer choice and the provision of adequate service.

c. Appendix C: Data regarding the participation and competition within DEO's Energy Choice program and the list of marketers currently operating on DEO's system.

d. Appendix D: Information available on the DEO, Commission and Ohio Office of Consumers' Counsel websites.

e. Appendix E: Total volumes delivered from marketer pools operating on DEO's system.

f. Exhibit (C)(1): Demonstration of substantial compliance with Section 4929.02, Revised Code; explanation of how granting the exemption will affect percentage of income payment plan customers; discussion showing that the requested exemption does not involve undue discrimination for similarly situated customers; and description of complaint and inquiry process.

g. Exhibit (C)(2): Discussion of effective competition in reasonably available alternatives in DEO's commodity sales service market.

h. Exhibit (C)(3): Discussion of services for which exemption is requested; number of customers affected; availability of upstream capacity; and open, equal, and unbundled nature of DEO's distribution service.

i. Exhibit (C)(4): Separation plan.

j. Exhibit (C)(5): Code of conduct.

k. Exhibit (C)(6): Scored copy of all proposed tariff schedules where applicable (schedule E-1), and current tariff schedules to which changes are proposed (schedule E-2).

l. Exhibit (C)(7): Rationale underlying the proposed changes to the tariffs (schedule E-3).

m. Exhibit (C)(8): Description of dockets in which special arrangements filed pursuant to section 4905.31 of the Revised Code, which customers may be affected by the application.

n. Testimony of Jeffrey Murphy and Vicki Friscic in support of the Application.

3. DEO requests the Commission to consider the facts and proposals set forth in this Application and to approve DEO's request for an exemption.

Respectfully submitted,

THE EAST OHIO GAS COMPANY d/b/a
DOMINION EAST OHIO

Bruce C. Klink

Bruce C. Klink, President

Robert A. Westbrooks

Robert A. Westbrooks, Assistant Secretary

MARGARET BEVEL - JETER
NOTARY PUBLIC - STATE OF OHIO
CUYAHOGA COUNTY
MY COMMISSION EXPIRES APRIL 19 2009

<u>CONTACT INFORMATION</u>

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# VERIFICATION

STATE OF OHIO )
)
COUNTY OF CUYAHOGA )

I, Bruce Klink, President, and I, Robert Westbrooks, Assistant Secretary of The East Ohio Gas Company d/b/a Dominion East Ohio, being first duly sworn, hereby verify that the information contained in this Application is true and correct to the best of our knowledge.

Bruce C Klink

Bruce C. Klink, President

Robert A. Westbrooks

Robert A. Westbrooks, Assistant Secretary

Sworn and subscribed before me this 27th day of December, 2007:

Margaret Bevel-Jeter

Notary Public

MARGARET BEVEL - JETER
NOTARY PUBLIC - STATE OF OHIO
CUYAHOGA COUNTY
MY COMMISSION EXPIRES APRIL 7, 2009

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was sent by ordinary U.S. mail to the following parties on this 28th day of December, 2007.

Mark Whitt

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Ohio Gas Marketing
3933 Price Road
Newark, OH 43055

**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| **In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services from Chapters 4905, 4909, and 4935 Except Sections 4905.10, 4935.01, and 4935.03, and from Specified Sections of Chapter 4933 of the Revised Code.** | ) ) ) ) ) ) ) ) ) ) | **Case No. 07-1224-GA-EXM** |

## EXHIBITS TO EXEMPTION APPLICATION

- Exhibit (C)(1): Compliance with Section 4929.02, Revised Code; effect on percentage of income payment plan customers; discussion regarding lack of discrimination for similarly situated customers; and complaint and inquiry process.
- Exhibit (C)(2): Discussion of effective competition and reasonably available alternatives in DEO's commodity sales service market.
- Exhibit (C)(3): Services for which exemption is requested; number of customers affected; availability of upstream capacity; and open, equal, and unbundled nature of DEO's distribution service.
- Exhibit (C)(4) & (5): Separation plan and code of conduct.
- Exhibit (C)(6) & (7): Scored copy of all proposed tariff schedules where applicable (schedule E-1), current tariff schedules to which changes are proposed (schedule E-2), and rationale underlying the proposed changes to the tariffs (schedule E-3).
- Exhibit (C)(8): Description of dockets in which special arrangements filed pursuant to section 4905.31 of the Revised Code, which customers may be affected by the application.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
Case No. 07-1224-GA-EXM

**EXEMPTION APPLICATION**
**EXHIBIT (C)(1)**

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**Compliance with State Policy Specified in Section 4929.02, Ohio Revised Code**

In the past 18 months, DEO's compliance with Ohio's natural gas policy, as expressed in R.C. 4929.02, has been determined by this Commission and affirmed by the Supreme Court of Ohio. In Case No. 05-474-GA-ATA, the Commission approved DEO's Phase 1 application to exit the merchant function, finding that DEO's plan "clearly supports and fosters th[e] policy goals" specified in R.C. 4929.02. *See* Opinion & Order at 25 (May 26, 2006). The Ohio Supreme Court affirmed the PUCO's order. *Ohio Partners for Affordable Energy v. Pub. Util. Comm.*, *115 Ohio St.3d 208, 2007-Ohio-4790.* The Court unanimously agreed with the Commission that DEO advanced many elements of state policy: "Our conclusion is . . . that evidence in the record supports the commission's finding that the application was in substantial compliance with the policy guidelines of the General Assembly set forth in R.C. 4929.02." *Id.* ¶ 35.

Nothing has materially changed since the Commission and Supreme Court agreed that DEO stands in compliance with R.C. 4929.02. The current Application preserves the features that justified the approval of Phase 1, while adding new elements that further advance Ohio's natural gas policy.

***The Application promotes the availability of adequate, reliable, and reasonably priced gas, in accordance with R.C. 4929.02(A)(1).***

Pursuant to R.C. 4929.02(A)(1), Ohio's policy is to "[p]romote the availability to consumers of adequate, reliable, and reasonably priced natural gas services and goods."

The Application ensures that adequate and reliable natural gas will remain available to customers. For example, DEO will continue to act as the provider of last resort for its customers should any supplier default. In addition, the Application requires suppliers to show they possess capacity comparable to DEO, and they must adhere to the same reliability standards. Also, as in Phase 1, supply responsibility will be bid out in tranches, which will mitigate the potential risk of any one supplier defaulting on its delivery obligation.

The Application also supports the availability of reasonably priced natural gas. As in Phase 1, the Application will continue to provide for a market-based auction price, preventing the confusion and market distortion created by the unrecovered gas cost portion of the gas cost recovery ("GCR") mechanism that hindered the development of competitive markets. As Phase 1 demonstrated, the regulated price not only hindered competition, but historically exceeded the price established during Phase 1. The Application is expected to yield additional benefits by extracting the premium that suppliers place on obtaining retail customers, with whom they can establish an ongoing contractual relationships. It is expected the significant benefits to suppliers of avoided customer acquisition costs will be reflected in the Phase 2 auction and further reduce customer costs.

Although DEO recognizes that it cannot guarantee that the Phase 2 auction will result in lower costs than would occur under the GCR mechanism, R.C. 4929.02(A)(1) does not require "lower-cost" gas, but "reasonably priced" gas. The continued tie between the commodity cost and market price and consequent elimination of GCR distortion is more than sufficient to establish that the Application provides a reasonable pricing mechanism.

***The Application expands consumer options, in accordance with R.C. 4929.02(A)(2).***

According to R.C. 4929.02(A)(2), Ohio seeks to "[p]romote the availability of unbundled and comparable natural gas services and goods that provide wholesale and retail consumers with the supplier, price, terms, conditions, and quality options they elect to meet their respective needs."

The Application will continue to promote customer options. By continuing to enable customers to make apples-to-apples comparisons, the Application maintains a level playing field on which marketers have incentives to offer competitive pricing, options and value-added services. The Application will continue to protect DEO's market from the GCR price distortion that was once a major impediment facing Energy Choice suppliers attempting to compete for market share.

The Application will advance this policy one step farther. Although the auction-based pricing mechanism will remain the same and DEO will continue to purchase and resell natural gas at cost, individual suppliers will be identified on individual customer' bills. It is expected that this transparency will facilitate the election of suppliers by Choice-eligible customers that have not yet entered the Choice program. This facilitation of Choice participation advances the policy set forth in R.C. 4929.02(A)(2).

***The Application promotes effective consumer choice of gas supplies, in accordance with R.C. 4929.02(A)(3).***

Under R.C. 4929.02(A)(3), Ohio's policy is to "[p]romote diversity of natural gas supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers."

As in Phase 1, the Phase 2 Application will continue to eliminate the GCR distortion that prevented "effective" consumer choice. The price for Standard Service Offer ("SSO") and Stand Choice Offer ("SCO") commodity service will, unlike the GCR, continue to reflect market price. This will allow the apples-to-apples price comparison that is essential for the operation of a competitive Choice market. Without effective comparisons, there cannot be effective competition as encouraged by R.C. 4929.02(A)(3).

***The Application encourages innovation and market access for supply- and demand-side natural gas goods and services, in accordance with R.C. 4929.02(A)(4).***

Pursuant to R.C. 4929.02(A)(4), it is Ohio's policy to "[e]ncourage innovation and market access for cost-effective supply- and demand-side natural gas services and goods."

The foregoing sections describe how the Application fosters innovation and market access for supply-side natural gas services and goods. Concerning demand-side issues, the Application will promote market-based pricing and prevent price distortions, facilitating price-induced conservation and increasing demand for providers of conservation and energy efficiency services. Market-based prices communicate timely incentives to buyers and sellers, thus encouraging demand-side management on the part of consumers. Increasing the demand for demand-side services by definition increases market access for those services, thus promoting Ohio's natural gas policy.

Additionally, although not required by R.C. 4929.02, DEO proposes to increase demand-side management program funding in its current rate case, Case No. 07-829-GA-AIR *et al,* above the level maintained during Phase 1. The Ohio Supreme Court affirmed that the Company's Phase 1 level of funding "satisfies R.C. 4929.02(A)(4)." *Ohio Partners for Affordable Energy,* 2007-Ohio-4790, ¶ 38.

***The Application provides for consumer education regarding potential changes under Phase 2, in accordance with R.C. 4929.02(A)(5).***

Pursuant to R.C. 4929.02(A)(5), it is the policy of the state to "[e]ncourage cost-effective and efficient access to information regarding the operation of the distribution systems of natural gas companies in order to promote effective customer choice of natural gas services and goods."

As during Phase 1, the Application will provide for customer education concerning the impact of Phase 2 on customers and their choices. DEO will work within the stakeholder process to address customer education and other issues as needed to ensure that customers fully understand their options and that other issues are addressed as requested by participants.

***The Application invites flexible regulatory treatment, in accordance with R.C. 4929.02(A)(6).***

Pursuant to R.C. 4929.02(A)(6), Ohio seeks to "[r]ecognize the continuing emergence of competitive natural gas markets through the development and implementation of flexible regulatory treatment."

Whatever "regulatory treatment" is accorded in this case is ultimately the prerogative of the Commission, of course. Nevertheless, the Application presents a Phase 2 program that, like Phase 1 before it, represents a measured, incremental step towards DEO's ultimate goal of exiting the merchant function so that customers will have a direct retail relationship with suppliers. By using a multi-step approach (as opposed to an all-or-nothing approach), flexibility is created. The Commission and concerned parties may evaluate and fine-tune the process, step by step, while Ohio consumers are protected from unintended consequences. Approval of a flexible, commonsense process like that initiated by DEO fully comports with the General Assembly's desire for "flexible regulatory treatment."

***DEO's Application fosters transactions between willing buyers and willing sellers, in accordance with R.C. 4929.02(A)(7).***

Pursuant to R.C. 4929.02(A)(7), it is Ohio policy to "[p]romote an expeditious transition to the provision of natural gas services and goods in a manner that achieves effective competition and transactions between willing buyers and willing sellers to reduce or eliminate the need for regulation of natural gas services and goods under Chapters 4905. and 4909. of the Revised Code."

The Application will continue to eliminate the GCR price distortions that hindered "willing buyers and willing sellers" from transacting business effectively. The Application in fact will advance this policy one step farther. Although the supply for customers receiving commodity service from DEO will still be procured through an auction process approved and overseen by the Commission, Phase 2 suppliers will bid for the right to supply specific customers, not simply tranches of wholesale load. A Choice-eligible customer's bill will reflect which supplier is supplying his or her natural gas commodity. This increased transparency is expected to facilitate customer interaction with suppliers and hence customer transition from Choice-eligibility to Choice-participation. By promoting "transactions between willing buyers and willing sellers," the Application complies with R.C. 4929.02(A)(7).

***The Application avoids subsidies to or from regulated natural gas services and goods, in accordance with R.C. 4929.02(A)(8).***

Pursuant to R.C. 4929.02(A)(8), it is Ohio policy to "[p]romote effective competition in the provision of natural gas services and goods by avoiding subsidies flowing to or from regulated natural gas services and goods."

The Application will continue to prevent subsidies that existed under the GCR. Because of customer migration into and out of the Energy Choice program, the GCR prevented the matching up of consumers who used gas which gave rise to true ups with consumers who paid the true ups. Continued elimination of the GCR promotes competition and avoids GCR-related subsidies, thus promoting the policy goal of R.C. 4929.02(A)(8). In addition, DEO's proposal to conduct the auction for PIPP and Choice-ineligible SSO customer supplies separately from the auction for remaining Choice-eligible SSO customers eliminates subsidies that may have existed due to the combination of those customer classes in the Phase 1 SSO auction process.

***The Application will not affect DEO's rates for regulated services or otherwise affect its financial capabilities.***

Pursuant to R.C. 4929.02(A)(9), it is Ohio policy to "[e]nsure that the risks and rewards of a natural gas company's offering of nonjurisdictional and exempt services and goods do not affect the rates, prices, terms, or conditions of nonexempt, regulated services and goods of a natural gas company and do not affect the financial capability of a natural gas company to comply with the policy of this state specified in this section."

Phase 2 commodity service will be provided under tariffs specifically designed for the service; Energy Choice and other transportation customers will be served under preexisting tariffs. And all rates that DEO charges for its services will continue to be in accord with Commission-approved tariffs. Thus, the offering of service under Phase 2 will have no impact on the rates, prices, terms, or conditions of DEO's regulated services.

Additionally, Phase 2, like Phase 1, will only affect the manner in which the natural gas commodity is procured and priced. Under the GCR, DEO did not profit on the sale of the commodity; under Phase 1, DEO does not profit on the sale of the commodity; under Phase 2, DEO will not profit on the sale of the commodity. Because the cost of the commodity has been and will continue to be "passed through," the Application will have no effect on DEO's "financial capability" and thus complies with R.C. 4929.02(A)(9).

***The Application will not hinder the Ohio's competitiveness in the global economy.***

Pursuant to R.C. 4929.02(A)(10), it is Ohio's policy to "[f]acilitate the state's competitiveness in the global economy."

To the degree the Application improves the competitive market for natural gas in Ohio, and improves conditions for Ohio consumers (including commercial and industrial consumers), it may correspondingly facilitate Ohio's overall competitiveness as a state. In any event, the Application in no way hinders this policy goal. Thus, DEO is in compliance with R.C. 4929.02(A)(10).

***DEO's Application facilitates additional supply choices for consumers, in accordance with R.C. 4929.02(A)(11).***

Pursuant to R.C. 4929.02(A)(11), Ohio's policy is to "[f]acilitate additional choices for the supply of natural gas for residential consumers, including aggregation."

The Application will preserve the conditions—first created in Phase 1—that permit greater market access for suppliers (discussed in the foregoing sections). The Application also provides that customers may leave SCO service without penalty at any time by enrolling with an individual supplier or in a governmental aggregation program. By facilitating additional choices and allowing for enrollment in Choice or aggregation programs, the Application promotes the policy set forth in R.C. 4929.02(A)(11).

**Effect on Percentage Income Payment Plan Customers**

The Phase 2 pilot program will provide a beneficial impact on DEO's Percentage of Income Payment Plan ("PIPP ") customers that is similar to that provided in Phase 1. The Company will continue to outsource supply responsibility for those customers through the same wholesale auction process that the Commission approved in Phase 1. In Phase 2, suppliers will bid on the right to serve a tranche of customer load through a descending clock auction. DEO will purchase those wholesale supplies and resell them at cost to PIPP and Choice-ineligible customers. As stated in the Transition Plan describing the Phase 2 auction process, included as Appendix A, a second retail auction for other customers provides the opportunity to extract the additional value to suppliers of avoided customer acquisition cost. If the second auction proceeds to the ascending auction format in which suppliers submit bids on how much they would pay to acquire tranches of retail customers, the resulting proceeds will be used to credit Transportation Migration Rider – Part B. Because PIPP customers pay that rider, they would receive a benefit in the form of a lower Transportation Migration Rider – Part B rate in their bills. The Company is not proposing any changes to the PIPP arrearage crediting program that it currently offers or to any other administrative aspects of the PIPP program.

**Potential for Undue Discrimination of Similarly Situated Customers**

In Phase 2, the Energy Choice, Standard Service Offer ("SSO") and Standard Choice Offer ("SCO") customers will receive service under Commission-approved tariffs that specify the applicability of the service to customers. The tariffs do not permit DEO to alter its terms or charges for service to any of the similarly-situated customers to be served under the proposed tariffs.

The auction process is designed to yield identical pricing for all customers to be served under the applicable rate schedule. As a result, all PIPP, Choice-ineligible and certain Choice-eligible customers served under the General Sales Service ("GSS") and Large Volume General Sales Service ("LVGSS") rate schedules will pay the same commodity rate based on the results of the wholesale auction. In addition, all Choice-eligible customers served under the Designated Supplier Service ("DSS") and Large Volume Designated Supplier Service ("LVDSS") rate schedules will pay the same commodity rate based on the results of the retail auction. Thus, all DSS and LVDSS customers will pay identical SCO commodity rates regardless of the supplier that is designated to provide their commodity service. That will ensure that no customer migrating from SSO to SCO service in Phase 2 will pay a different price than any other customer.

**Process for Handling Customer Complaints and Inquiries**

The Standards of Conduct in DEO's General Terms and Conditions of Energy Choice Pooling Service include the following complaint handling process:

> All complaints, whether written or oral, shall be referred to East Ohio's designated attorney. The designated attorney shall orally acknowledge the complaint within five (5) working days of receipt. The designated attorney shall prepare a written statement of the complaint, which shall contain the name of the complainant and a detailed factual report of the complaint, including all relevant dates, companies involved, employees involved, and specific claim. The designated attorney shall communicate the results of the preliminary investigation, including a description of any course of action which was taken, to the complainant in writing within thirty (30) days after the complaint was received. The designated attorney shall keep a file with all such complaint statements for a period of not less than three years. (Section 24.4(l))

DEO's phone center personnel typically handle customer inquiries, although other areas such as the Company's Pricing and Regulatory Affairs or Customer Relations areas may also handle customer inquiries. DEO's contact person and designated attorney is Jean A. Demarr, Senior Counsel. She has the authority to resolve customer complaints and inquiries received by Staff.

***Written Materials Related to Service and Product Offerings***

Appendix B contains copies of the Company's written materials related to service and product offerings which promote effective customer choice and the provision of adequate customer service. The latter materials are comprised of the customer rights and responsibilities information, which has been reviewed by the Commission's Service Monitoring and Enforcement Department and is being provided to customers in accordance with Rule 4901:1-13-06 of the Ohio Administrative Code. The materials related to service and product offerings that promote effective customer choice are comprised of materials developed in conjunction with the customer communication working group of DEO's Phase 1 stakeholder process, which includes representatives of Staff, the Ohio Office of Consumers' Counsel, Competitive Retail Natural Gas Suppliers and a number of consumer advocates.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
Case No. 07-1224-GA-EXM

**EXEMPTION APPLICATION**
**EXHIBIT (C)(2)**

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**Effective Competition and Availability of Alternatives**

***(a) Product Quality***

The two primary aspects of natural gas commodity service of most importance to customers are gas quality and reliability. The Company does not propose to make any changes to the transportation and pooling service terms and conditions that will govern those aspects of commodity service in Phase 2. As a result, the product provided by all of the sellers is substantially of the same quality as it was when the Company provided GCR commodity service and throughout Phase 1. Below are the applicable terms and conditions of transportation and pooling service, which demonstrate that there is no difference or degradation in the gas quality and reliability standards that are currently in place.

Gas Quality Related Provisions of the General Terms and Conditions of Transportation Service Proposed in Case No. 07-829-GA-AIR, *et al.*:

- Transportation Volumes received by East Ohio at Transportation Receipt Points shall conform to Upstream Pipeline's gas quality standards, unless such standards have not been filed with, and approved by, either the FERC or the PUCO, in which case Transportation Volumes must conform to the gas quality standards of East Ohio in effect at the time. (Section 7.3)

- The Production Volume delivered to East Ohio shall be delivered in its natural state, have a gross heating value of not less than 1,000 British thermal units per cubic foot at 14.73 PSIA, 60 degrees Fahrenheit and must conform with East Ohio's gas quality standards in effect at the time. East Ohio reserves the right to accept gas of non-standard specification on a non-discriminatory basis pursuant to an agreement setting forth applicable terms, conditions and charges, if applicable, provided the acceptance of such gas does not adversely impact East Ohio's operations or service to customers. (Section 10.2)

- The Customer or its Supplier shall install and maintain at the Customer's or its Supplier's own expense, the necessary equipment for separating and removing oil, water, water vapor, salt, dust, and other foreign substances from Production Volumes upstream of the Production Receipt Points. The gas delivered to East Ohio at the Production Receipt Points shall be free from all foreign matter or fluid contamination that could interfere with its marketability or interfere with the operation of East Ohio's lines, regulators, meters, or other appliances connected with East Ohio's system. East Ohio may refuse at any time any Production Volumes that contain contamination or objectionable odors or otherwise do not meet East Ohio's gas quality standards in effect at the time. East Ohio may bill the Customer or its Supplier for any and all costs associated with removing oil, water, water vapor, salt, dust and other foreign substances erroneously delivered into East Ohio's system. (Section 10.10)

Reliability Related Provisions of the General Terms and Conditions of Transportation Service Proposed in Case No. 07-829-GA-AIR, *et al.*:

- In order to support system operations and maintain system integrity, Customers are subject to East Ohio's issuance of operational flow orders ("OFO") which may direct Customers to adjust Daily Available Volumes as adjusted to reflect flowing supplies to match Delivery Volumes as determined by East Ohio. East Ohio may also issue OFOs that direct Customers to deliver specific quantities of gas to specific Transportation Receipt Points. (Section 13.1)

Reliability Related Provision of DEO's Existing General Terms and Conditions of Energy Choice Pooling Service:

- East Ohio shall assess the sufficiency of Supplier's supply and/or capacity rights on a monthly basis during the October through April period. If East Ohio adopts enrollment procedures that permit intra-month changes in the number of Customers served by Supplier, East Ohio may update its assessment during the month. If such assessment indicates that Supplier's rights are deficient relative to 91.75% of its End Use Customers' design day requirements for the following month, East Ohio shall notify Supplier, which shall then correct the deficiency within ten business days. East Ohio may also require Supplier to submit a capacity and supply plan for the remainder of the October through April period in order to determine whether Supplier's plan and capabilities are sufficient to meet future Customer requirements. Supplier's failure to correct any deficiencies may be deemed to be a material default within the meaning of OAC Rule 4901:1-27-12(J) and may be grounds for East Ohio requesting suspension or termination of the Agreement pursuant to OAC Rule 4901:1:27-12(J). In the event such deficiency remains uncorrected, East Ohio may also, at its sole discretion and in accordance with reasonable and standard industry practice, recall or otherwise withdraw any capacity rights assigned to the Supplier pursuant to Sections 4 and 5 of these General Terms and Conditions upon five (5) days' written notice to the Supplier. (Section 6.1)

- East Ohio may require Winter Period storage re-injections or withdrawals under an On-System Storage OFO ("Storage OFO") in which it will indicate the required Storage Volume to be injected or withdrawn for the period during which the Storage OFO is in effect. Adjustments to the effective Storage Demand level may be made by East Ohio at its sole discretion and in accordance with reasonable and standard industry practice based on operating conditions. Failure to comply with a Storage OFO may be deemed to be a material default within the meaning of OAC Rule 4901:1-27-12(J) and may be grounds for East Ohio requesting suspension or termination of the Agreement pursuant to OAC Rule 4901:1:27-12(J). Such failure may also result in East Ohio, at its sole discretion and in accordance with reasonable and standard industry practice, reducing Supplier's Storage Demand levels by up to 50% for the remainder of the Winter Period. (Section 13.13)

As demonstrated by the preceding terms and conditions, DEO has appropriate mechanisms in place to ensure that the product provided to its customers in Phase 2 will be of substantially the same quality regardless of the seller and the type of commodity service – Energy Choice, SSO or SCO – being provided.

***(b) Existence of Entry and Exit Barriers***

The number of customers and suppliers participating in DEO's transportation programs demonstrates the ease of buyers and sellers to enter or leave the market or switch between buyers and sellers. Appendix C contains data regarding the participation and competition within DEO's Energy Choice program and the list of 17 Energy Choice and 41 traditional transportation service marketers currently operating on DEO's system. The number of suppliers participating in DEO's Energy Choice program significantly exceeds the 11 suppliers currently active on the Atlanta Gas Light system, which is the only large LDC to have exited the merchant function to date.[1] The following tables provide a further indication of the extremely competitive commodity market that has been established on DEO's system, which is attributable in part to the lack of entry barriers for both buyers and sellers.

**Dominion East Ohio Market Profile**
**November 2006 through October 2007**

| | Average # of Customers | | Total Billed Volumes | |
|---|---|---|---|---|
| | **Number** | **Percent** | **MMcf** | **Percent** |
| **Energy Choice Transportation** | 794,468 | 66% | 102,260 | 41% |
| **Non-Choice Transportation** | 3,776 | < 1% | 96,718 | 39% |
| **SSO Sales Service** | 412,745 | 34% | 49,982 | 20% |
| ***Total*** | 1,210,989 | 100% | 248,960 | 100% |

**Dominion East Ohio Energy Choice Customer Participation**
**Pre-SSO (September 2006) vs. Most Recent Month (November 2007)**

| | Pre-SSO September 2006 | Most Recent Month November 2007 | Change From Pre-SSO |
|---|---|---|---|
| **Residential Choice** | 475,838 | 481,349 | + 5,511 |
| **Non-Residential Choice** | 38,678 | 39,695 | + 1,017 |
| **Governmental Aggregation** | 282,107 | 299,528 | + 17,421 |
| **Total** | 796,623 | 820,572 | + 23,949 |

[1] November 13, 2007 Presentation of Hank Linginfelter, Executive Vice President, Utility Operations of AGL Resources to the NARUC 2007 Annual Convention, Anaheim, CA

| | | | |
|---|---|---|---|
| **Number of Suppliers** | 16 | 17 | + 1 |

Note: The number of suppliers in November 2007 reflects the merger of Peoples Energy and WPS. Absent the merger, the net addition in suppliers would equal two.

The barriers to Energy Choice customer participation were largely removed when the Company permitted customers with arrearages to participate in the Energy Choice program effective with bills rendered on or after April 2, 2004, as approved by the Commission in Case No. 03-2573-GA-ATA. Customers with arrearages are eligible to participate in Energy Choice as long as they have not defaulted on more than one payment plan in the last twelve months. Such customers are automatically placed on a payment plan arrangement when they enroll in Energy Choice in order to comply with the definition of eligible customer set forth in Sections 4929.26 and 4929.27, Ohio Revised Code. Enrollments are processed electronically, and customers are automatically sent a letter to confirm their enrollment, even if the enrollment is the result of an opt-out governmental aggregation program. Suppliers operating in the program must be certified by the Commission and operate under the minimum standards for competitive retail natural gas service set forth in Chapter 4901:1-29, Ohio Administrative Code. Customers may cancel an enrollment at any time by speaking with a customer service agent or through the Company's automated phone menu system. As a result, there are no barriers to exit for customers that no longer wish to be served by an Energy Choice supplier. Suppliers wishing to exit the market are accountable for a final volumetric and monetary reconciliation based on services rendered prior to their exit from the program. Those safeguards and processes will remain in place in Phase 2.

As the evidence showed and the Commission found in Case No. 05-474-GA-ATA, suppliers face minimal barriers in entering DEO's market. As the Commission observed in holding that DEO satisfied the requirements of Section 4929.04, Revised Code, "the DEO market is probably the most competitive natural gas market in the country," which the record showed was "attribute[able] to the absence of significant barriers to entry." Opin. & Order at 26 (internal quotation marks omitted). The factors that led the Commission to reach this conclusion continue to hold true. The process to become a supplier remains straightforward and is typically completed within 30 days.

Additionally, unlike many LDC creditworthiness requirements, DEO discloses the formula used to determine the financial security that suppliers must provide. This ensures a consistent application of credit requirements and eliminates the use of financial security to erect unreasonable barriers to entry. DEO's creditworthiness requirements are set forth in its General Terms and Conditions of Energy Choice Pooling Service, which include the following provisions:

> 23.1 East Ohio shall not commence service or continue service to Supplier if Supplier fails to meet the creditworthiness criteria outlined in this Section. Such creditworthiness criteria shall not be used to discriminate on any basis other than as specified herein. A fee of $50.00 shall be assessed to Supplier for the initial and each subsequent creditworthiness review performed by East Ohio. East Ohio shall apply consistent evaluative practices to determine the

acceptability of Supplier's overall financial condition, working capital, and profitability trends.

23.3 A Supplier may satisfy its initial creditworthiness requirement by demonstrating that it has and maintains investment grade long-term bond ratings from any two of the following rating agencies:

| Agency | Senior Unsecured Rating |
| --- | --- |
| Standard & Poors | BBB- or higher |
| Moody's Investors' Services | Baa3 or higher |

23.4 East Ohio shall make reasonable alternative credit arrangements with a Supplier that is unable to meet the aforementioned criteria and with those Suppliers whose credit requirements exceed their allowed unsecured credit limit, if any. East Ohio shall determine the amount and type of additional financial instruments, if any, needed to support a Supplier's participation in the Program.

23.10 In order to assure that the value of Supplier's financial security instruments remains proportional to Supplier's potential liability under the Agreement, the required dollar amounts of such instruments may be adjusted at the sole discretion of East Ohio, in circumstances including, but not limited to, a change in the level of unsecured credit, if any, determined by East Ohio or a change in amount of required collateral in accordance with paragraph 23.20. In the event East Ohio determines that additional security is required, East Ohio will notify the Supplier of its determination, including the grounds for that determination, and will inform the Supplier that it shall either provide financial security as required by East Ohio within five (5) business days or adjust its current and future participation to a level no greater than East Ohio's revised requirements. Supplier's failure to adjust accordingly may result in East Ohio limiting the enrollment of additional Customers in Supplier's pool and/or deeming such failure to be a material default within the meaning of OAC Rule 4901:1-27-12(J) and may be grounds for East Ohio requesting suspension or termination of the Agreement pursuant to OAC Rule 4901:1:27-12(J).

23.20 East Ohio shall assess the amount of financial security required of Supplier on a monthly basis by subtracting the maximum unsecured credit limit, if any, extended to Supplier from the collateral requirement, which shall be updated by the fifth business day of every month. To determine the Winter Period collateral requirement, East Ohio shall utilize the maximum collateral requirement estimated for the Winter Period. To determine the Summer Period collateral requirement, East Ohio shall utilize the maximum collateral requirement estimated for the Summer Period. The collateral requirement shall be estimated using the following formula:

**$CR = (TPR - (LP + AS)) \times P_{co} - (TPR \times P_{br})$** where:

**CR** equals Collateral Requirement (in $)

**TPR** equals Total Pool Requirements (in mcf) as estimated by East Ohio for the upcoming month using normal heating degree days.

**LP** equals Local Production (in mcf) as determined by the first-of-month confirmed nomination of local production (if applicable) dedicated to the pool or nominated from the Supplier's Local Production Pooling Service pool times the number of days in the month. The Local Production volume shall exclude any volumes purchased from East Ohio under the ECPS monthly local production purchase option.

**AS** equals Available Storage (in mcf) as determined by the beginning of the month storage inventory (if applicable) held by the Supplier in conjunction with its ECPS pool. The Available Storage volume shall exclude any volumes purchased from East Ohio under the ECPS On-System Storage capacity provisions but not yet paid for.

**$P_{co}$** equals Cash Out Price (in $/mcf) as determined by the estimated negative imbalance volume cash out rate based on Inside FERC's Gas Market Report first of month pricing with the applicable adjustments.

**MDQ** equals Maximum Daily Quantity (in mcf) used in calculating the comparable capacity requirement for the Supplier for the month (shown as Design Day Usage in the comparable capacity evaluation).

**SD** equals Storage Demand (in mcf) used in calculating the on-system storage assignment for the Supplier for the month.

**$P_{ofo}$** equals OFO Price (in $/mcf) as determined by three months' worth of demand charges pursuant to East Ohio's OFO noncompliance charge calculation.

**$P_{br}$** equals Billing Rate Price (in $/mcf) as determined by the last actual month's average billing rate charged by the Supplier for Customers billed by East Ohio.

East Ohio may add to the preceding Collateral Requirement any amounts billed pursuant to the Agreement but not yet paid by Supplier as well as any amounts estimated to be billed for the upcoming month as determined by East Ohio.

A final way that DEO's market invites supplier participation is DEO's willingness to bill Energy Choice commodity service on behalf of suppliers and purchase the related accounts receivable. This has been cited by many suppliers as a major advantage to participating in the Company's Energy Choice program because it removes significant administrative and financial barriers to entering the market. In addition, the availability of ample upstream capacity to serve the market enables DEO to avoid using a mandatory capacity assignment process that could impose a barrier to entry for some suppliers.

***(c) Availability of Market Information***

Customers interested in purchasing commodity service from an alternative provider have up-to-date market information available from a variety of sources. Appendix B contains copies of the Company's written materials related to the Energy Choice program and SSO service offerings. Appendix D contains screen prints of information available on the Company, Commission, and Ohio Office of Consumers' Counsel ("OCC") websites that provide information about the following topics:

Public Utilities Commission of Ohio:

- Choosing a Natural Gas Supplier
- Governmental Buying Groups or "Aggregations"
- 4 Simple Steps to Choosing a Supplier
- Questions to Ask a Supplier
- Inquiries, Disputes and Complaints
- Natural Gas Choice – Your guide to choosing a natural gas supplier

Ohio Office of Consumers' Counsel:

- Aggregation
- Calculating Your Energy Choices
- Gas Choice 101
- Has Your Community Aggregated?

Dominion East Ohio:

- Energy Choice Home
- Video: Natural Gas, The Choice is Yours
- Latest SSO News
- Sign-Up Information
- Approved Energy Choice Suppliers
- Eligible Customer Information
- Supplier Contract Renewal
- Natural Gas Deregulation

Customers may also request copies of the preceding information by telephone. The Commission and OCC also provide frequent and comprehensive comparisons of Energy Choice supplier offers. Those comparisons identify the name and contact information of the supplier; describe the price and term of each offer; indicate whether the price is fixed or variable; and provide additional information if, for example, the offer includes an introductory price. The comparisons also include definitions of commonly used terms, a worksheet that the customers can use to compare offers and a listing of the applicable sales and use tax rates throughout the state. Suppliers typically post information about current offers on their websites and may solicit customers using direct mail, telemarketing and occasionally door-to-door sales channels. Governmental aggregators also are required to provide detailed information about their offers in the opt-out materials distributed to potential participants. Chapter 4901:1-29, Ohio Administrative Code, sets forth the various disclosures that suppliers must include in solicitation and renewal offers.

Throughout Phase 1, DEO has met frequently with interested parties to discuss how best to inform customers about the transition to SSO service and about their options to choose among alternate suppliers in the Energy Choice program. In addition to more common avenues such as bill inserts, DEO has produced a video guide to Choice and erected a billboard near one of its shop locations identifying the commodity service alternatives available to customers. DEO is currently working with the Phase 1 stakeholder group's communication committee to develop a dedicated Choice website that will make it easier for customers to obtain information and make an informed choice.

*(d) Availability of Product from Alternative Providers*

The only commodity service provided by DEO in Phase 1 is SSO sales service rendered to customers under the GSS and LVGSS rate schedules. As noted in the table summarizing the Company's market profile, DEO's SSO commodity service comprised only 20% of all volumes delivered to customers over the past year. Of the remaining volumes, 39% of the DEO's market is sourced from alternative providers by traditional transportation customers and another 41% is sourced from alternative providers by Energy Choice customers. The fact that alternative providers supply four times the load that DEO supplies demonstrates that natural gas commodity service is widely available from alternative providers in the relevant market. The extensive gas quality provisions contained in DEO's tariff ensure that the natural gas itself is a functionally equivalent substitute regardless of the supplier. The terms and conditions that govern those aspects of SSO service are identical to those governing deliveries by Energy Choice and, in the future, SCO providers. Operationally, the alternative providers on DEO's system utilize many of the same upstream pipelines and local Ohio producers to source their gas, meaning that the quality of one supplier's gas is virtually indistinguishable from another. Those alternative providers can arrange for supplies to be delivered by any one of the six interstate pipelines and one intrastate pipeline that have interconnects with the Company. In addition, they can acquire gas from any of the 489 local Ohio producers currently active on DEO's system. The latter source is especially important because it provides over 20% of DEO's deliveries to its customers.

DEO presently has 41 suppliers offering commodity service to its traditional transportation market and 17 suppliers participating in the Energy Choice program. Appendix C identifies the shares of Energy Choice suppliers and aggregators throughout each month since

DEO began offering SSO service. Due to the nature of the customers receiving SSO service, the information in that appendix provides the most meaningful indication of alternative providers' respective shares of the relevant market. The primary mechanism that alternative providers use to allocate gas to their customers is through one of DEO's pooling service offerings. DEO offers five different types of pooling services, each of which is intended to serve a particular market need. The number of pools in each category is shown below:

**Number of Active Pools Operating on DEO's System as of December 2007**

| | |
|---|---|
| Energy Choice Pooling Service | 17 |
| Full Requirements Pooling Service | 37 |
| General Pooling Service | 13 |
| Daily Pooling Service | 17 |
| Local Production Pooling Service | 17 |
| Total | 101 |

Growth in the commodity market will track growth in the overall market behind DEO's system, which is affected largely by weather, economic activity and end user conservation, the impacts of which are reflected in the Company's Long-Term Forecast Reports that are incorporated into this Exhibit by reference. Because the Phase 2 auctions may have a significant impact on sellers' respective shares of the market, it is not possible to predict changes to those shares at this time.

### *(e) Affiliations Between Suppliers*

DEO contacted all of the CRNGS suppliers participating in the Energy Choice program to request information about their affiliation with any another supplier in the program. The only affiliation reported among Energy Choice suppliers is between Ohio Natural Gas and Compass Energy, both of which began serving Energy Choice customers only within the past six months. On October 1, 2007, the parent company of Ohio Natural Gas, AGL Resources, announced that it had acquired Compass Energy. DEO is not aware of any other affiliations among Energy Choice suppliers.

### *(f) Data to Measure Market Concentration*

The data needed to measure market concentration or market power in the former GCR sales market can be found in Appendix C. The data needed to measure market concentration or market power in the commodity market including traditional transportation customers can be found in Appendix E, which identifies the total volumes delivered from marketer pools operating on the Company's system. Due to the presence of pool-to-pool transfers and imbalance trading activity, the volumes contained in Appendix E will not equal the sum of the end user volumes on DEO's system.

Because DEO does not have access to supplier cost data, it cannot provide the information needed to compute the Lerner Index, which is measured by the formula: (P-MC)/P, where P is the selling price and MC is the marginal cost. Even if suppliers were willing to provide such data (which they are not), the marginal cost itself would be difficult to determine because suppliers use a portfolio of supply sources rather than designate specific supplies for each individual customer or price point they serve. The Herfindahl-Hirschman Index, which is calculated by squaring the market share of each firm competing in a market and then summing the resulting numbers, and the four-firm concentration ratio can be calculated for both the former GCR and total commodity markets using the data provided in appendices C and E.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
Case No. 07-1224-GA-EXM

**EXEMPTION APPLICATION**
**EXHIBIT (C)(3)**

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## Services For Which Application Is Requesting An Exemption

### *(a) Description of Services for Which Exemption is Being Requested*

DEO is requesting the Commission to exempt DEO's commodity sales service currently designated as Standard Service Offer from all provisions of Chapter 4905 of the Revised Code with the exception of Section 4905.10; Chapters 4909 and 4935 of the Revised Code with the exception of Sections 4935.01 and 4935.03; Sections 4933.08, 4933.09, 4933.11, 4933.123, 4933.17, 4933.28, 4933.31, and 4933.32 of the Revised Code; and from any rule or order issued under those chapters or sections, including the obligation under Section 4905.22 of the Revised Code, to provide such commodity sales service.

The Phase 2 Transition Plan contains a detailed description of the commodity sales services for which DEO is requesting an exemption. The Company proposes to implement a pilot program in which it will provide commodity sales service using supply that it will acquire in an auction process approved and overseen by the Commission. The price for the commodity sales service to be rendered will equal the price paid to suppliers based on the results of the auction. The Standard Service Offer ("SSO") and Standard Choice Offer ("SCO") commodity service described in the plan will be rendered under the following tariffs, which are included in Schedules E-1 and E-2:

**Proposed Commodity Service / Rate Schedule Combinations**

| | GENERAL DESCRIPTION | COMMODITY SERVICE | APPLICABLE TARIFFS |
|---|---|---|---|
| **Standard Sales Service (SSO)** | Commodity service provided primarily to PIPP and Choice-ineligible customers | Supplied from a pool of wholesale supply secured by DEO in a wholesale auction | - General Sales Service (GSS)<br>- Large Volume General Sales Service (LVGSS) |
| **Standard Choice Service (SCO)** | Commodity service provided to Choice-eligible customers migrating from SSO | Supplied by a designated CRNGS provider selected by DEO in a retail auction | - Designated Supplier Service (DSS)<br>- Large Volume Designated Supplier Service (LVDSS) |

As described further in the Phase 2 Transition Plan, customers that do not participate in the Energy Choice program will continue to receive commodity service at a price that varies each month in accordance with the results of a Commission-approved auction. Under the proposed Phase 2 program:

- If the customer is not eligible to participate in the Energy Choice program or is a PIPP customer, the customer's commodity will still be provided by a pool of wholesale supply that will be acquired via auction at a price approved by the Commission. Those customers, which comprise about a quarter of DEO's remaining sales customers, will see no change in the way their supplies are purchased or in the appearance of their bill. DEO will use the SSO designation for the commodity service provided to those customers.

- If the customer is eligible to participate in Energy Choice, but has not elected to do so, the customer's commodity will be provided by a specific supplier selected via auction at a price approved by the Commission. The price for that commodity service, designated SCO, will be the same for all such customers. DEO will purchase the supply from SCO providers for resale to the customer, just as it purchases supply in the aggregate from SSO providers, but will identify on the customer's bill the name of the particular supplier designated for the customer. As a result, the only change for those customers, which comprise about three quarters of DEO's remaining sales customers, will be the identification of their specific supplier on the bill.

As in the Phase 1 pilot program, customers eligible to participate in the Energy Choice program may do so at any time by enrolling with an individual supplier or through a governmental aggregation program. DEO is not requesting exemption for any ancillary services at this time except to the extent necessary to implement its Phase 2 pilot program.

***(b) Potential Number of Customers for Each Commodity Sales Service for Which Exemption is Being Requested***

Based on the most recent billing system data available, the estimated number of customers that would receive SSO and SCO commodity sales service under the proposed wholesale and retail auctions are:

**Current Number of SSO and SCO Customers**
**As Defined in the Phase 2 Transition Plan**

| | Standard Service Offer | Standard Choice Offer | Total |
|---|---|---|---|
| **Residential** | **102,286** | **269,683** | **371,969** |
| **Non-Residential** | **2,333** | **23,267** | **25,600** |
| **Total** | **104,619** | **292,950** | **397,569** |

Because customers are able to migrate to and from Energy Choice during the remainder of Phase 1, which terminates in August 2008, and throughout Phase 2, the potential number of customers to be served depends on their eligibility to participate under the GSS, LVGSS, DSS or LVDSS rate schedule. Conceivably, all current Energy Choice customers could receive service under one of those rate schedules. As a result, the potential number of customers could be calculated by adding the preceding total of 397,569 customers to the 820,572 customers currently enrolled with an Energy Choice supplier or participating in a governmental aggregation program.

As described in the Phase 2 Transition Plan, the customers that will be served with supply acquired through the wholesale SSO auction will be comprised of two groups: (1) those able to receive SSO commodity service on a continual basis; and (2) those who can obtain commodity service from the SSO pool only for a limited time. PIPP and Choice-ineligible customers will be able to receive SSO service on a continual basis. The following Choice-eligible customers will be able to receive SSO service under the GSS and LVGSS rate schedules for up to two consecutive billing periods:

- New customers that have not yet selected an Energy Choice supplier or been enrolled in a governmental aggregation program.
- Customers that had been receiving Energy Choice service but whose supplier agreement terminates before the customer enrolls with the same or different supplier under a new agreement.

Customers that have been disconnected for non-payment will remain in the SSO pool once they are reconnected until such time as they become Choice-eligible. If the customer is or becomes eligible to participate in Energy Choice, but has not elected to do so, he will be served under the DSS or LVDSS rate schedule.

***(c) Available Upstream Capacity***

DEO currently receives deliveries of commodity from the following upstream pipelines:

— ANR
— Columbia Transmission
— Dominion Transmission
— North Coast Gas Transmission (intrastate)
— Panhandle Eastern
— Tennessee Gas Pipeline
— Texas Eastern

Firm transportation service is available on all seven of the pipelines, and market-area storage is available on Columbia Transmission and Dominion Transmission. Those seven pipelines deliver supplies to DEO at over two-dozen interconnects located throughout the Company's service territory. The combined capacity of upstream interconnects, local production and on-system storage has historically met or exceeded the requirements that customers place on DEO's operating system under design day conditions. In addition, over 450,000 Dt per day of interconnect capacity has been installed since 2000 with North Coast Gas Transmission, Tennessee Gas Pipeline and Texas Eastern. DEO has also executed an interconnect agreement with Rockies Express that will add another 140,000 Dt per day of capacity once it is constructed. Once the Rockies Express pipeline is constructed (its expected in-service date is approximately one year after the beginning of Phase 2), new interconnect capacity installed since 2000 will have increased DEO's already sufficient interconnect capacity by nearly 600,000 Dt per day.

The availability of sufficient upstream capacity is also evidenced by the fact that the comparable capacity requirements imposed on all Energy Choice and SSO suppliers are consistently met, with some suppliers holding considerably more firm capacity than is required to meet the minimum thresholds set forth in the Company's terms and conditions of pooling service. Suppliers also receive an allocation of DEO's on-system storage that helps them manage their supply portfolio and reliably meet the peak day needs of their customers. Lastly, suppliers have over 150,000 mcf per day of local production available for purchase from Ohio producers. During the October through April period, DEO verifies that all suppliers have sufficient comparable capacity from all three sources – interstate, on-system storage and local production – to meet the design day needs for their customers. That process will remain in place throughout Phase 2 as well.

In addition to the preceding capacity used to provide commodity service, DEO holds operational balancing capacity to compensate for the variation between volumes nominated to its system in advance and actual customer usage on any given day. The diverse and ample mix of supply sources available to alternative providers on DEO's system ensures that there is sufficient availability of the capacity needed to support the commodity sales service for which the Company is requesting an exemption.

***(d) Showing of Fully Open, Equal and Unbundled Distribution Service***

DEO provides distribution service on a fully open, equal, and unbundled basis. In approving Phase 1, the Commission concluded that DEO "will offer service under this plan on a fully open, equal and unbundled basis to all its customers and that all such customers reasonably may acquire commodity sales service from suppliers other than the company." Opin. & Order at 27. This order was affirmed in *Ohio Partners for Affordable Energy v. Pub. Util. Comm.*, 115 Ohio St.3d 208, 2007-Ohio-4790. The situation remains the same. Suppliers continue to possess more than enough capacity to serve DEO's Choice-eligible load; indeed, the number of suppliers and customers participating in DEO's Energy Choice market has increased since Phase 1 was approved.

Furthermore, DEO offers service on a fully open and equal basis. It continues to comply with its code of conduct approved in Case No. 05-474-GA-ATA, which provides, among other things, that DEO shall apply and enforce its tariffs in a nondiscriminatory manner, shall not prefer any supplier or customer of any supplier over any other supplier or customer, and shall process similar requests for transportation in the same manner and within the same approximate period of time.

Finally, DEO's service is provided on an unbundled basis—its separates distribution charges (*i.e.*, monthly service charges and non-gas volumetric base rates) from commodity sales service charges (*i.e.*, gas usage charges), and this is reflected on customer bills.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO

Case No. 07-1224-GA-EXM

**EXEMPTION APPLICATION**
**EXHIBITS (C)(4) & (C)(5)**

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**Proposed Separation Plan and Code of Conduct**

DEO is not proposing to provide exempt services on an integrated company basis in Phase 2. The Company will not participate as a bidder in either the wholesale or retail auctions to be conducted for service over the proposed September 1, 2008 to March 31, 2010 pilot period, nor will it make an application to provide commodity service as a CRNGS provider during that time. Because it is not proposing to provide exempt services on an integrated basis, DEO has no exempt operations to separate from nonexempt operations. To ensure that it maintains the proper separation with affiliate company operations, the Company is proposing no changes to the Standards of Conduct approved by the Commission in Case No. 05-474-GA-ATA, which govern DEO's adherence to the state policy specified in Sections 4905.32 and 4929.02, Ohio Revised Code, and its sharing of information and resources between those employees involved in the provision or marketing of exempt commodity sales services or ancillary services, and those employees involved in the provisioning or marketing on nonexempt commodity sales services or ancillary services. Those Standards of Conduct state that:

(a) East Ohio shall apply tariffs in a nondiscriminatory manner.

(b) East Ohio shall enforce the tariffs in a nondiscriminatory manner.

(c) East Ohio shall not give any Supplier, including its marketing affiliate, or Customers of any Supplier, including its affiliate, preference over any other Suppliers or Customers. For purposes of East Ohio's firm transportation program, any ancillary service provided by East Ohio that is not tariffed (e.g., billing and envelope service), shall be priced uniformly for affiliated and nonaffiliated companies and available to all equally.

(d) East Ohio shall process all similar requests for transportation in the same manner and within the same approximate period of time.

(e) East Ohio shall not disclose to anyone, other than an East Ohio employee, any information regarding an existing or proposed gas transportation arrangement, unless authorized by the End Use Customer.

(f) If a Customer requests information about Suppliers, East Ohio shall provide a list of all Suppliers operating on its system, but shall not endorse any Supplier nor indicate that any Supplier will receive preference because of a corporate relationship.

(g) East Ohio shall, to the extent practicable, separate the activities of its operating employees from its affiliate marketing employees in all areas where their failure to maintain independent operations may have the effect of harming Customers or unfairly disadvantaging unaffiliated Suppliers under East Ohio's transportation programs.

(h) East Ohio shall not condition or tie its agreements to gas supply or for the release of interstate pipeline capacity to any agreement by a Supplier, Customer, or third party in which its marketing affiliate is involved.

(i) East Ohio and its marketing affiliate shall keep separate books of accounts and records.

(j) Neither East Ohio nor its marketing affiliate shall communicate the idea that any advantage might accrue in the use of the East Ohio's service as a result of dealing with any Supplier, including its marketing affiliate.

(k) East Ohio's name and logo shall not be used in its marketing affiliate's promotional material, unless the promotional material discloses in plain, legible or audible language, on the first page or at the first point where East Ohio's name and logo appears, that its marketing affiliate is not the same company as East Ohio. East Ohio shall not participate in exclusive joint activities with any Supplier, including its marketing affiliate, including advertising, marketing, sales calls or joint proposals to any existing or potential Customers.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
Case No. 07-1224-GA-EXM

**EXEMPTION APPLICATION**
**EXHIBIT (C)(6) & (7)**

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The following pages contain Schedules E-1 (scored copy of all proposed tariff schedules where applicable), E-2 (current tariff schedules to which changes are proposed), and E-3 (rationale underlying the proposed changes to the tariffs).

# General Sales Service (GSS)

## 1. Applicability

Service under this rate schedule is available to Customers throughout East Ohio's service area who purchase and receive all of their natural gas requirements directly from East Ohio pursuant to this rate schedule. The following classes of Customers are able to receive service under this rate schedule: N

1) Customers participating in the Percentage Income Payment Plan and

2) Customers who are not eligible to receive service under the Energy Choice Transportation Service ("ECTS") rate schedule.

Customers who are eligible to receive service under the ECTS rate schedule are able to initially receive service under this rate schedule for up to two consecutive billing periods after which they must receive service under the ECTS or Designated Supplier Service rate schedules or one of their large volume counterparts, the Large Volume General Sales Service and Large Volume Energy Choice Transportation Service rate schedules.

## 2. Character of Service

All gas supplied under this rate schedule shall be supplied on a firm and continuous basis, provided, however, that in the event of an emergency, service may be curtailed pursuant to PUCO rules or a curtailment plan approved for East Ohio by the PUCO.

## 3. Rates and Charges

3.1 The volumetric charges for each Customer at each delivery point served under this rate schedule shall be the rates set forth below plus the riders, as specified in 3.3, applicable to service rendered under this rate schedule: T

1) $1.2355 per Mcf for all consumption each month; and

2) a charge for the cost of gas based on the standard service offer rate as set forth on tariff sheet B-SSO 1 plus a charge equal to the Transportation Surcredit Rider.

3.2 In addition to the volumetric charge, each Customer shall be charged a service charge of $5.70 per delivery point per month. T

3.3 Customers receiving service under this rate schedule shall be responsible for charges pursuant to East Ohio's Gross Receipts Tax Rider, Excise Tax Rider, Interim Emergency and Temporary PIP Plan Rider, Uncollectible Expense Rider, T

Transportation Migration Rider-Part B, Sales Reconciliation Rider, AMR Cost Recovery Charge and Transportation Surcredit Rider as applicable. C

**4. Resumption of Service After Interruption**

If service in interrupted as a result of the Customer's failure to make payment or at the Customer's request, East Ohio shall not be under any obligation to resume service to the same Customer at the same premises unless East Ohio shall have received, in addition to payment for all gas received by the Customer under this rate schedule, a reconnection payment of $20.

**5. Prohibition on Resale of Gas**

No gas supplies under this rate schedule shall be resold for any purpose.

**6. Regulations**

All gas service provided by East Ohio is rendered under and subject to the Rules and Regulations contained in its tariff. T

# Large Volume General Sales Service (LVGSS)

## 1. Applicability

Service under this rate schedule is available to Customers throughout East Ohio's service area who purchase and receive all of their natural gas requirements directly from East Ohio pursuant to this rate schedule, are not eligible to receive service under the Large Volume Energy Choice Transportation Service ("LVECTS") rate schedule and have entered into a written contract with East Ohio for service under this rate schedule for a minimum of twelve months. East Ohio may waive the requirement that the customer enter into a written contract to receive service under this rate schedule. Customers who are eligible to receive service under the LVECTS rate schedule are able to initially receive service under this rate schedule for up to two consecutive billing periods after which they must receive service under the LVECTS or Large Volume Designated Supplier Service rate schedules or one of their smaller volume counterparts, the General Sales Service and Energy Choice Transportation Service rate schedules. N

## 2. Character of Service

All gas supplied under this rate schedule shall be supplied on a firm and continuous basis, provided, however, that in the event of an emergency, service may be curtailed pursuant to PUCO rules or a curtailment plan approved for East Ohio by the PUCO.

## 3. Rates and Charges

3.1 The volumetric charges for each Customer at each delivery point served under this rate schedule shall be the rates set forth below plus the riders, as specified in 3.3, applicable to service rendered under this rate schedule: T

(1) For the first 100 Mcf each month, $1.2527 per Mcf,
For the next 400 Mcf each month, $0.9927 per Mcf,
For all over 500 Mcf each month, $0.8187 per Mcf; and

(2) a charge for the cost of gas based on the standard service offer rate as set forth on tariff sheet B-SSO 1 plus a charge equal to the Transportation Surcredit Rider.

3.2 In addition to the volumetric charge, each Customer shall be charged a service charge of $40.00 per delivery point per month. T

3.3 Customers receiving service under this rate schedule shall be responsible for charges pursuant to East Ohio's Gross Receipts Tax Rider, Excise Tax

Rider, Interim Emergency and Temporary PIP Plan Rider, Uncollectible Expense Rider, Transportation Migration Rider-Part B, Sales Reconciliation Rider, AMR Cost Recovery Charge, and Transportation Surcredit Rider as applicable. C

**4. Termination of Contract**

After receiving service under this rate schedule for at least twelve months, the Customer may terminate purchases under the contract and under this rate schedule upon thirty days written notice to East Ohio, which notice shall specify the termination date.

**5. Resumption of Service after Interruption**

If service is interrupted as a result of the Customer's failure to make payment or at the Customer's request, and the Customer subsequently requests and receives service under East Ohio's General Sales Service, East Ohio shall not be under any obligation to resume service to the same Customer at the same premises under this rate schedule during the twelve consecutive months subsequent to the interruption or termination. East Ohio shall not be required to resume service under any rate schedule to the same Customer at the same premises unless East Ohio shall have received, in addition to payment for all gas received by the Customer under this or any other rate schedule, a reconnection payment of $60.

**6. Prohibition on Resale of Gas**

No gas supplied under this rate schedule shall be resold for any purpose.

7. **Regulations**

All gas service provided by East Ohio is rendered under and subject to the Rules and Regulations contained in its tariff. T

N

# Designated Supplier Service (DSS)

## 1. Applicability

Service under this rate schedule is available to Customers throughout East Ohio's service area who purchase and receive all of their natural gas requirements directly from East Ohio pursuant to this rate schedule and are eligible to receive service under the ECTS rate schedule.

## 2. Character of Service

All gas supplied under this rate schedule shall be supplied on a firm and continuous basis, provided, however, that in the event of an emergency, service may be curtailed pursuant to PUCO rules or a curtailment plan approved for East Ohio by the PUCO. East Ohio shall purchase such gas supplies on behalf of the Customer from a designated supplier, which will be identified on the Customer's bill. The process used to select the Customer's designated supplier and the price to be charged for the gas supplied under this rate schedule shall be approved by the Public Utilities Commission of Ohio.

## 3. Rates and Charges

3.1 The volumetric charges for each Customer at each delivery point served under this rate schedule shall be the rates set forth below plus the riders, as specified in 3.3, applicable to service rendered under this rate schedule:

1) $1.2355 per Mcf for all consumption each month; and

2) a charge for the cost of gas based on the standard choice offer rate as set forth on tariff sheet B-SCO 1 plus a charge equal to the Transportation Surcredit Rider.

3.2 In addition to the volumetric charge, each Customer shall be charged a service charge of $5.70 per delivery point per month.

3.3 Customers receiving service under this rate schedule shall be responsible for charges pursuant to East Ohio's Gross Receipts Tax Rider, Excise Tax Rider, Interim Emergency and Temporary PIP Plan Rider, Uncollectible Expense Rider, Transportation Migration Rider-Part B, Sales Reconciliation Rider, AMR Cost Recovery Charge and Transportation Surcredit Rider as applicable.

N

## 4. Resumption of Service After Interruption

If service in interrupted as a result of the Customer's failure to make payment or at the Customer's request, East Ohio shall not be under any obligation to resume service to the same Customer at the same premises unless East Ohio shall have received, in addition to payment for all gas received by the Customer under this rate schedule, a reconnection payment of $20.

## 5. Prohibition on Resale of Gas

No gas supplies under this rate schedule shall be resold for any purpose.

## 6. Regulations

All gas service provided by East Ohio is rendered under and subject to the Rules and Regulations contained in its tariff.

N

# Large Volume Designated Supplier Service (LVDSS)

## 1. Applicability

Service under this rate schedule is available to Customers throughout East Ohio's service area who purchase and receive all of their natural gas requirements directly from East Ohio pursuant to this rate schedule, are eligible to receive service under the Large Volume Energy Choice Transportation Service ("LVECTS") rate schedule and have entered into a written contract with East Ohio for service under this rate schedule for a minimum of twelve months. East Ohio may waive the requirement that the customer enter into a written contract to receive service under this rate schedule.

## 2. Character of Service

All gas supplied under this rate schedule shall be supplied on a firm and continuous basis, provided, however, that in the event of an emergency, service may be curtailed pursuant to PUCO rules or a curtailment plan approved for East Ohio by the PUCO. East Ohio shall purchase such gas supplies on behalf of the Customer from a designated supplier, which will be identified on the Customer's bill. The process used to select the Customer's designated supplier and the price to be charged for the gas supplied under this rate schedule shall be approved by the Public Utilities Commission of Ohio.

## 3. Rates and Charges

3.1 The volumetric charges for each Customer at each delivery point served under this rate schedule shall be the rates set forth below plus the riders, as specified in 3.3, applicable to service rendered under this rate schedule:

(1)

| | |
|---|---|
| For the first 100 Mcf each month, | $1.2527 per Mcf, |
| For the next 400 Mcf each month, | $0.9927 per Mcf, |
| For all over 500 Mcf each month, | $0.8187 per Mcf; and |

(2) a charge for the cost of gas based on the standard choice offer rate as set forth on tariff sheet B-SCO 1 plus a charge equal to the Transportation Surcredit Rider.

3.2 In addition to the volumetric charge, each Customer shall be charged a service charge of $40.00 per delivery point per month.

3.3 Customers receiving service under this rate schedule shall be responsible for charges pursuant to East Ohio's Gross Receipts Tax Rider, Excise Tax Rider, Interim Emergency and Temporary PIP Plan Rider, Uncollectible

N

Expense Rider, Transportation Migration Rider-Part B, Sales Reconciliation Rider, AMR Cost Recovery Charge, and Transportation Surcredit Rider as applicable.

4. **Termination of Contract**

After receiving service under this rate schedule for at least twelve months, the Customer may terminate purchases under the contract and under this rate schedule upon thirty days written notice to East Ohio, which notice shall specify the termination date.

5. **Resumption of Service after Interruption**

If service is interrupted as a result of the Customer's failure to make payment or at the Customer's request, and the Customer subsequently requests and receives service under East Ohio's General Sales Service, East Ohio shall not be under any obligation to resume service to the same Customer at the same premises under this rate schedule during the twelve consecutive months subsequent to the interruption or termination. East Ohio shall not be required to resume service under any rate schedule to the same Customer at the same premises unless East Ohio shall have received, in addition to payment for all gas received by the Customer under this or any other rate schedule, a reconnection payment of $60.

6. **Prohibition on Resale of Gas**

No gas supplied under this rate schedule shall be resold for any purpose.

7. **Regulations**

All gas service provided by East Ohio is rendered under and subject to the Rules and Regulations contained in its tariff.

## GENERAL TERMS AND CONDITIONS OF ENERGY CHOICE POOLING SERVICE

### 4. ASSIGNMENT OF UPSTREAM CAPACITY

N

4.1 Upstream Pipeline Primary Firm Transportation capacity not needed for operational balancing purposes shall be made available by East Ohio on a pro rata basis. The assignment shall be structured as a release of capacity at the full maximum rates paid by East Ohio. The standard term of the release shall be through the earlier of March 31, 2010 or the termination date of the contract(s) between East Ohio and the Upstream Pipeline as adjusted for any seasonal or annual variations in the capacity rights provided by such contract(s). East Ohio shall retain all rights of first refusal that accompany such capacity upon contract termination. Supplier may request alternate arrangements which East Ohio shall evaluate in terms of the potential impact on reliability and stranded costs. In the event that any such capacity remains unreleased after first being made available to Suppliers on a voluntary basis, Supplier shall be required to accept a pro rata release of such capacity.

4.2 In order to ensure adequate deliveries into East Ohio's Ashtabula market area, Suppliers shall be obligated to accept a release of the associated Tennessee Gas Pipeline ("Tennessee") and corresponding downstream Dominion Transmission, Inc. ("DTI") capacity needed to serve that area on a pro rata basis. The amount of Tennessee and corresponding downstream DTI capacity to be released will be adjusted each Summer and Winter Period or monthly in the case of material changes in pro rata market shares. If the pro rata amount of capacity that would be released to the Supplier is de minimus, East Ohio shall not require Supplier to accept the release. Because Tennessee deliveries to the Cochranton, Pennsylvania interconnection must be delivered to East Ohio through DTI, only the DTI portion of the release shall count towards the Supplier's comparable capacity requirement.

4.3 The Primary Firm Transportation capacity released pursuant to Paragraph 4.1 shall be recallable in the event of a material decrease in Supplier's Energy Choice market share or upon Supplier's failure to comply with the terms and conditions set forth in these General Terms and Conditions. Particular emphasis shall be placed on Supplier compliance with the Reconciliation of Daily Imbalance Volumes (Section 18 of these General Terms and Conditions), OFOs (Section 21) and Standards of Conduct (Section 24). If Supplier's End Use Customers return to system supply, East Ohio shall have the right to recall such Primary Firm Transportation capacity released pursuant to Paragraph 4.1 as may be needed to meet the estimated design day requirements of the returning End Use Customers.

4.4 Contract Storage capacity and related storage demand/deliverability not needed for operational balancing purposes shall be made available by East Ohio shall be made available on a pro rata basis. The assignment shall be structured as a release

## GENERAL TERMS AND CONDITIONS OF ENERGY CHOICE POOLING SERVICE

N

of capacity at the full maximum rates paid by East Ohio. The standard term of the release shall be through the earlier of March 31, 2010 or the termination date of the contract(s) between East Ohio and the Upstream Pipeline as adjusted for any seasonal or annual variations in the capacity rights provided by such contract(s). East Ohio shall retain all rights of first refusal that accompany such capacity upon contract termination. Supplier may request alternate arrangements which East Ohio shall evaluate in terms of the potential impact on reliability and stranded costs. In the event that any such capacity remains unreleased after first being made available to Suppliers on a voluntary basis, Supplier shall be required to accept a pro rata release of such capacity.

4.5 The Contract Storage capacity released pursuant to Paragraph 4.4 shall be recallable in the event of a material decrease in Supplier's Energy Choice market share or upon Supplier's failure to comply with the terms and conditions set forth in these General Terms and Conditions. Particular emphasis shall be placed on Supplier compliance with the Reconciliation of Daily Imbalance Volumes (Section 18 of these General Terms and Conditions), OFOs (Section 21) and Standards of Conduct (Section 24). If Supplier's End Use Customers return to system supply, East Ohio shall have the right to recall such Contract Storage capacity released pursuant to Paragraph 4.4 as may be needed to meet the estimated design day requirements of the returning End Use Customers. If East Ohio recalls such capacity, it shall purchase the associated amount of Supplier's Contract Storage inventory in place. The purchase price shall equal the first of the month price index as published in *Inside F.E.R.C.'s Gas Market Report* (The McGraw-Hill Companies, Inc.) for Dominion Transmission Inc. Appalachia, or an appropriate successor index should it cease to be published, for the month in which the purchase takes place.

4.6 Supplier's failure to accept a required release of Upstream Pipeline capacity or pay Upstream Pipeline for any Firm Transportation or Contract Storage capacity released pursuant to this Section may be deemed to be a material default within the meaning of OAC Rule 4901:1-27-12(J) and may be grounds for East Ohio requesting suspension or termination of the Agreement pursuant to OAC Rule 4901:1:27-12(J).

## 5. ASSIGNMENT OF ON-SYSTEM STORAGE CAPACITY

5.1 On-System Storage capacity and related storage demand/deliverability shall be assigned to the Supplier based on the pro rata share of such storage allocable to Supplier's End Use Customers. The costs associated with such capacity shall be recovered in the volumetric rates paid by End Use Customers under the ECTS and

GENERAL TERMS AND CONDITIONS OF ENERGY CHOICE POOLING SERVICE

# SUPPLIER DEFAULT

## 26. CONDITIONS OF SUPPLIER DEFAULT

26.1 Supplier's failure to accept a required release of Upstream Pipeline capacity or pay Upstream Pipeline for any Firm Transportation or Contract Storage capacity released pursuant to Section 4 of these General Terms and Conditions. N

26.2 Supplier's failure to correct a deficiency of Supplier's comparable supply and/or capacity rights pursuant to Section 6 of these General Terms and Conditions.

26.3 Supplier's failure to comply with an On-System Storage OFO pursuant to Section 13 of these General Terms and Conditions.

26.4 Supplier's failure to provide cumulative Daily Available Volumes plus Imbalance Trading Volumes equal to at least 90% of cumulative Daily Pool Requirements over a given month pursuant to Section 18 of these General Terms and Conditions.

26.5 Supplier's failure to provide Daily Available Volumes plus Imbalance Trading Volumes equal to at least 80% of Daily Pool Requirements for five or more days in a given month pursuant to Section 18 of these General Terms and Conditions.

26.6 Supplier informs East Ohio, or East Ohio otherwise becomes aware, that Supplier does not intend to perform its obligations under the Agreement, or East Ohio determines that Supplier no longer has the Upstream Pipeline or Storage capacity, inventory or gas supply necessary to perform Supplier's obligations as described in Section 18 of these General Terms and Conditions.

26.7 Supplier's failure to comply with an OFO pursuant to Section 21 of these General Terms and Conditions.

26.8 Supplier's failure to pay to East Ohio amounts due under the Agreement pursuant to Section 22 of these General Terms and Conditions.

26.9 Supplier's failure to meet and/or maintain creditworthiness requirements pursuant to Section 23 of these General Terms and Conditions.

N

# STANDARD CHOICE OFFER GAS COST RATE

A standard choice offer gas cost rate of $ ______ per Mcf shall be applied effective with bills rendered for billing cycles commencing on or after_______________ to all volumes purchased and received under the following East Ohio rate schedules:

Designate Supplier Service Rate Schedule (DSS)
Large Volume Designated Supplier Service Rate Schedule (LVDSS)

The East Ohio Gas Company

~~Fifth~~ Revised Sheet No. F-GSS 1
Superseding ~~Fourth~~ Revised Sheet No. F-GSS 1

# General Sales Service (GSS)

## 1. Applicability

Service under this rate schedule is available to Customers throughout East Ohio's service area who purchase and receive all of their natural gas requirements directly from East Ohio pursuant to this rate schedule. ~~Customers who purchase transportation service from East Ohio may elect to receive standby service, pursuant to the Standby Service Rate Schedule, or enter into a special arrangement with East Ohio for Contract Supply Service, pursuant to Section 16 of the general Terms and Conditions of Transportation Service.~~ D

## 2. Character of Service

All gas supplied under this rate schedule shall be supplied on a firm and continuous basis, provided, however, that in the event of an emergency, service may be curtailed pursuant to PUCO rules or a curtailment plan approved for East Ohio by the PUCO.

## 3. Rates and Charges

3.1 The volumetric charges for each Customer at each ~~location~~ served under this rate schedule shall be the rates set forth below plus the riders, as specified in 3.3, applicable to service rendered under this rate schedule: T

1) $1.2355 per Mcf for all consumption each month; and

2) a charge for the cost of gas based on the standard service offer rate as set forth on tariff sheet B-SSO 1 plus a charge equal to the Transportation Surcredit Rider.

3.2 In addition to the volumetric charge, each Customer shall be charged a service charge of $5.70 per month.

3.3 Customers receiving service under this rate schedule shall be responsible for charges pursuant to East Ohio's Gross Receipts Tax Rider, Excise Tax Rider, Interim Emergency and Temporary PIP Plan ~~r~~ider, Uncollectible Expense Rider, Transportation Migration Rider and Transportation Surcredit ~~r~~ider as applicable. C

~~3.4 The minimum charge each month for each Customer at each location shall be the monthly service charge.~~ T

## ~~4. Estimated Bills~~

Issued: ~~September 15, 2006~~

Effective: ~~With bills rendered on or after October 12, 2006~~

Filed under authority of the Public Utilities Commission of Ohio in Case No. ~~05-474-GA-ATA~~
Bruce C. Klink, Vice President

~~When East Ohio cannot obtain access to the meter on the Customer's premises, bills will be rendered on the basis of an estimate of the gas consumed, determined from the consumption history of the premises.~~

T

**5. Resumption of Service After Interruption**

If service in interrupted as a result of the Customer's failure to make payment or at the Customer's request, East Ohio shall not be under any obligation to resume service to the same Customer at the same premises unless East Ohio shall have received, in addition to payment for all gas received by the Customer under this rate schedule, a reconnection payment of $20.

**6. Prohibition on Resale of Gas**

No gas supplies under this rate schedule shall be resold for any purpose.

# Large Volume General Sales Service (LVGSS)

## 1. Applicability

Service under this rate schedule is available to Customers throughout East Ohio's service area who purchase and receive all of their natural gas requirements directly from East Ohio pursuant to this rate schedule and ~~who~~ have entered into a written contract with East Ohio for service under this rate schedule for a minimum of twelve months. ~~Customers who purchase transportation service from East Ohio may elect to receive standby service, pursuant to the Standby Service Rate Schedule, or enter into a special arrangement with East Ohio for Contract Supply Service, pursuant to Section 16 of the General Terms and Conditions of Transportation Service.~~ D

## 2. Character of Service

All gas supplied under this rate schedule shall be supplied on a firm and continuous basis, provided, however, that in the event of an emergency, service may be curtailed pursuant to PUCO rules or a curtailment plan approved for East Ohio by the PUCO.

## 3. Rates and Charges

3.1 The volumetric charges for each Customer at each ~~location~~ served under this rate schedule shall be the rates set forth below plus the riders, as specified in 3.3, applicable to service rendered under this rate schedule: T

(1) For the first 100 Mcf each month, $1.2527 per Mcf,
For the next 400 Mcf each month, $0.9927 per Mcf,
For all over 500 Mcf each month, $0.8187 per Mcf; and

(2) a charge for the cost of gas based on the standard service offer rate as set forth on tariff sheet B-SSO 1 plus a charge equal to the Transportation Surcredit Rider.

3.2 In addition to the volumetric charge, each Customer shall be charged a service charge of $40.00 per month.

3.3 Customers receiving service under this rate schedule shall be responsible for charges pursuant to East Ohio's Gross Receipts Tax Rider, Excise Tax Rider, Interim Emergency and Temporary PIP Plan Rider, Uncollectible Expense Rider, Transportation Migration Rider, and Transportation Surcredit Rider as applicable.

T

~~3.4The minimum charge each month for each Customer at each location shall be the monthly service charge.~~

## ~~4. Estimated Bills~~

~~When East Ohio cannot obtain access to the meter on the Customer's premises, bills will be rendered on the basis of an estimate of the gas consumed, determined from the consumption history of the premises.~~

## ~~5~~. Termination of Contract

After receiving service under this rate schedule for at least twelve months, the Customer may terminate purchases under the contract and under this rate schedule upon thirty days written notice to East Ohio, which notice shall specify the termination date.

## ~~6~~. Resumption of Service after Interruption

If service is interrupted as a result of the Customer's failure to make payment or at the Customer's request, and the Customer subsequently requests and receives service under East Ohio's General Sales Service, East Ohio shall not be under any obligation to resume service to the same Customer at the same premises under this rate schedule during the twelve consecutive months subsequent to the interruption or termination. East Ohio shall not be required to resume service under any rate schedule to the same Customer at the same premises unless East Ohio shall have received, in addition to payment for all gas received by the Customer under this or any other rate schedule, a reconnection payment of $60.

## ~~7~~. Prohibition on Resale of Gas

No gas supplied under this rate schedule shall be resold for any purpose.

## GENERAL TERMS AND CONDITIONS OF ENERGY CHOICE POOLING SERVICE

### 4. ~~OPTIONAL~~ ASSIGNMENT OF UPSTREAM CAPACITY

4.1 ~~If requested by Supplier,~~ Upstream Pipeline Primary Firm Transportation capacity made available by East Ohio ~~shall be assigned to the Supplier~~ on a pro rata basis ~~using the composition of such capacity held by East Ohio for the purpose of serving its Core Sales Demand~~. The assignment shall be structured as a release of capacity at the full maximum rates paid by East Ohio. The standard term of the release shall be through the termination date of the contract(s) between East Ohio and the Upstream Pipeline as adjusted for any seasonal or annual variations in the capacity rights provided by such contract(s). Supplier may request alternate arrangements which East Ohio shall evaluate in terms of the potential impact on reliability and stranded costs. ~~The character of assigned Primary Firm Transportation service shall be agreed upon between East Ohio and the Upstream Pipeline prior to assignment to the Supplier.~~ N D

4.2 ~~If the above *pro rata* assignment calculation yields less than 1,000 dekatherms per day on a particular segment of Upstream Pipeline Primary Firm Transportation capacity to be assigned to the Supplier, East Ohio shall retain that segment of capacity to serve Core Sales Demand and permit the Supplier to select an alternate segment to be assigned by East Ohio on the same or another pipeline provided the alternate segment delivers gas to East Ohio at the same citygate(s) entering its system, i.e., East Side or West Side, as the segment it is replacing.~~ D

4.3 The Primary Firm Transportation capacity released pursuant to Paragraph 4.1 shall be recallable upon Supplier's failure to comply with the terms and conditions set forth in these General Terms and Conditions. Particular emphasis shall be placed on Supplier compliance with the Reconciliation of Daily Imbalance Volumes (Section 18 of these General Terms and Conditions), OFOs (Section 21) and Standards of Conduct (Section 24). If Supplier's End Use Customers return to system supply, East Ohio shall have the right to recall such Primary Firm Transportation capacity released pursuant to Paragraph 4.1 as may be needed to meet the estimated design day requirements of the returning End Use Customers.

4.4 ~~If requested by Supplier,~~ Contract Storage capacity and related storage demand/deliverability made available by East Ohio shall be ~~assigned to the Supplier~~. The assignment shall be structured as a release of capacity at the full maximum rates paid by East Ohio. The standard term of the release shall be through the ~~end of the then current storage season pursuant to the applicable Contract Storage rate schedule terms and conditions~~. Supplier may request alternate arrangements which East Ohio shall evaluate in terms of the potential N

## GENERAL TERMS AND CONDITIONS OF ENERGY CHOICE POOLING SERVICE

impact on reliability and stranded costs. ~~The character of assigned Contract Storage service shall be agreed upon between East Ohio and the Contract Storage operator prior to assignment to the Supplier.~~ D

4.5 The Contract Storage capacity released pursuant to Paragraph 4.4 shall be recallable upon Supplier's failure to comply with the terms and conditions set forth in these General Terms and Conditions. Particular emphasis shall be placed on Supplier compliance with the Reconciliation of Daily Imbalance Volumes (Section 18 of these General Terms and Conditions), OFOs (Section 21) and Standards of Conduct (Section 24). If Supplier's End Use Customers return to system supply, East Ohio shall have the right to recall such Contract Storage capacity released pursuant to Paragraph 4.4 as may be needed to meet the estimated design day requirements of the returning End Use Customers. If East Ohio recalls such capacity, it shall purchase the associated amount of Supplier's Contract Storage inventory in place. The purchase price shall equal the first of the month price index as published in *Inside F.E.R.C.'s Gas Market Report* (The McGraw-Hill Companies, Inc.) for Dominion Transmission Inc. Appalachia, or an appropriate successor index should it cease to be published, for the month in which the purchase takes place.

4.6 Supplier's failure to pay Upstream Pipeline for any Firm Transportation or Contract Storage capacity released pursuant to this Section may be deemed to be a material default within the meaning of OAC Rule 4901:1-27-12(J) and may be grounds for East Ohio requesting suspension or termination of the Agreement pursuant to OAC Rule 4901:1:27-12(J).

## 5. ASSIGNMENT OF ON-SYSTEM STORAGE CAPACITY

5.1 On-System Storage capacity and related storage demand/deliverability shall be assigned to the Supplier based on the pro rata share of such storage allocable to Supplier's End Use Customers. The costs associated with such capacity shall be recovered in the volumetric rates paid by End Use Customers under the ECTS and LVECTS rate schedules and shall not be the direct responsibility of the Supplier. The initial assignment shall commence the first month in which the Supplier renders commodity service to the End Use Customer and shall terminate the last month in which the Supplier renders commodity service to the End Use Customer on whose behalf the capacity had been assigned.

5.2 Supplier shall comply with the Summer Period storage injection schedule set forth in paragraph 13.8 of these General Terms and Conditions. Compliance may be

GENERAL TERMS AND CONDITIONS OF ENERGY CHOICE POOLING SERVICE

# SUPPLIER DEFAULT

## 26. CONDITIONS OF SUPPLIER DEFAULT

26.1 Supplier's failure to pay Upstream Pipeline for any Firm Transportation or Contract Storage capacity released pursuant to Section 4 of these General Terms and Conditions. N

26.2 Supplier's failure to correct a deficiency of Supplier's comparable supply and/or capacity rights pursuant to Section 6 of these General Terms and Conditions.

26.3 Supplier's failure to comply with an On-System Storage OFO pursuant to Section 13 of these General Terms and Conditions.

26.4 Supplier's failure to provide cumulative Daily Available Volumes plus Imbalance Trading Volumes equal to at least 90% of cumulative Daily Pool Requirements over a given month pursuant to Section 18 of these General Terms and Conditions.

26.5 Supplier's failure to provide Daily Available Volumes plus Imbalance Trading Volumes equal to at least 80% of Daily Pool Requirements for five or more days in a given month pursuant to Section 18 of these General Terms and Conditions.

26.6 Supplier informs East Ohio, or East Ohio otherwise becomes aware, that Supplier does not intend to perform its obligations under the Agreement, or East Ohio determines that Supplier no longer has the Upstream Pipeline or Storage capacity, inventory or gas supply necessary to perform Supplier's obligations as described in Section 18 of these General Terms and Conditions.

26.7 Supplier's failure to comply with an OFO pursuant to Section 21 of these General Terms and Conditions.

26.8 Supplier's failure to pay to East Ohio amounts due under the Agreement pursuant to Section 22 of these General Terms and Conditions.

26.9 Supplier's failure to meet and/or maintain creditworthiness requirements pursuant to Section 23 of these General Terms and Conditions.

**Tariff References:** **General Sales Service ("GSS")**
**Large Volume General Sales Service ("LVGSS")**

**Section 1 - Applicability**

Explanation of Change:
Clarification that ongoing service under the rate schedule is available only to customers who are not eligible to participate in the Energy Choice program. (The GSS Applicability section also includes a reference to PIPP customers.)

Rationale for Change:
Revising the Applicability of the GSS and LVGSS rate schedules is consistent with the intent to limit the provision of Standard Service Offer ("SSO") commodity service to Choice-ineligible customers in Phase 2. The GSS Applicability language includes a reference to PIPP customers because it is the rate schedule under which they are served.

Explanation of Change:
Permission for Choice-eligible customers to receive service under the GSS or LVGSS rate schedule for up to two billing periods after which they will be placed on the Designated Supplier Service or Large Volume Designated Supplier Service rate schedule.

Rationale for Change:
Removal of Choice-eligible customers after two billing periods is consistent with the intent to place all such customers into a more direct relationship with a Competitive Retail Natural Gas Service ("CRNGS") provider in Phase 2.

*Note: All of the changes described below have already been proposed in DEO's current rate case, Case No. 07-829-GA-AIR et al, and are included here for reference only.*

Explanation of Change:
Removal of the references to transportation service, standby service and contract supply service.

Rationale for Change:
References to transportation service, standby service and contract supply service, which were inserted prior to the introduction of Dominion East Ohio's ("DEO") Energy Choice program, are no longer necessary because the Commission has approved separate tariffs for Energy Choice Transportation Service ("ECTS") and Large Volume Energy Choice Transportation Service ("LVECTS").

Explanation of Change:
Insertion of language in the Applicability section of the LVGSS rate schedule permitting the Company to waive the written contract requirement for service under this rate schedule.

Rationale for Change:
The addition of such language would support the electronic or other forms of enrollment of customers to begin receiving service under this rate schedule, which would ease the administrative burden on customers and the Company.

**Tariff References:** **General Sales Service ("GSS")**
**Large Volume General Sales Service ("LVGSS")**

*Note: All of the changes described below have already been proposed in DEO's current rate case, Case No. 07-829-GA-AIR et al, and are included here for reference only.*

**Section 3 – Rates and Charges**

Explanation of Change:
Insertion of the term 'delivery point' in Sections 3.1 and 3.2.

Rationale for Change:
The proposed changes will make the tariff language consistent with that of the ECTS and LVECTS rate schedules.

Explanation of Change:
Addition of the Sales Reconciliation Rider and AMR Cost Recovery Charge to the riders listed and clarification of Transportation Migration Rider applicability in Section 3.3.

Rationale for Change:
In its rate case, DEO is seeking Commission approval of the additional riders that, if approved, would be applicable to these rate schedules. The proposed language also clarifies which Transportation Migration Rider is applicable to these rate schedules.

Explanation of Change:
Removal of the duplicative reference to the monthly service charge in Section 3.4.

Rationale for Change:
The proposed change will make the tariff language consistent with that of the ECTS and LVECTS rate schedules.

**Section 4 – Estimated Bills**

Explanation of Change:
Elimination of Section 4, Estimated Bills.

Rationale for Change:
The information provided in this section is no longer necessary because DEO has proposed to add the following proposed language to Section 19 of its Rule and Regulations: 'If East Ohio is unable to obtain an actual meter reading, it will render a bill based on estimated usage at the premise.'

**Section 6 (GSS) and Section 7 (LVGSS) - Regulations**

Explanation of Change:
Addition of a Regulations section to incorporate DEO's Rules and Regulations into the rate schedules.

Rationale for Change:
Incorporation of the Company's Rules and Regulations will remove any uncertainty as to whether they apply to service rendered under these rate schedules.

**Tariff References: Designated Supplier Service ("DSS")**
**Large Volume Designated Supplier Service ("LVDSS")**

Explanation of Change:
Introduction of new DSS and LVDSS rate schedules.

Rationale for Change:
The proposed DSS and LVDSS rate schedules accommodate the provision of Standard Choice Offer ("SCO") commodity service to Choice-eligible sales customers. Because many of the terms of SSO service apply to such customers, the DSS and LVDSS rate schedules are based on their GSS and LVGSS counterparts. The primary differences are found in the Applicability, Character of Service, and Rates and Charges sections.

- The Applicability section states that service under these rate schedules is available to customers throughout DEO's service area who purchase and receive all of their natural gas requirements directly from the Company and are eligible to receive service under the ECTS rate schedule.

- The Character of Service section states that the Company will purchase such gas supplies on behalf of the customer from a designated supplier, which will be identified on the customer's bill. It also notes that the process used to select the customer's designated supplier and the price to be charged for the gas supplied under this rate schedule will be approved by the Commission.

- The Rates and Charges Section 3.1 (2) changes the commodity service reference from 'standard service offer' to 'standard choice offer' to be consistent with the terminology set forth in the Phase 2 Transition Plan.

SCO customers are not classified as Energy Choice customers because their commodity is purchased from DEO, even though DEO identifies the specific supplier on the bill. Customers receiving service under the DSS and LVDSS rate schedules will be able to enroll in Energy Choice with the same or a different supplier and are also eligible for enrollment in a governmental aggregation program, all with no termination or exit fees.

After the initial movement of Choice-eligible customers to SCO service through the retail auction, subsequent Choice-eligible SSO customers will be automatically moved from their GSS or LVGSS sales service rate schedule to the corresponding DSS or LVDSS rate schedule effective with the third bill after becoming Choice-eligible. That transition is described in the GSS and LVGSS Applicability sections.

**Tariff References: General Terms and Conditions of Energy Choice Pooling Service ("ECPS")**

**Section 4 – Assignment of Upstream Capacity**

Explanation of Change:
Modifications to the upstream pipeline capacity assignment provisions for Primary Firm Transportation (Sections 4.1 – 4.3) and Contract Storage (Sections 4.4 – 4.6).

Rationale for Change:
The proposed changes in Section 4 address upstream pipeline capacity issues that face the Company and suppliers in Phase 2. As in Phase 1, DEO will retain only that portion of on-system and contract storage, including the associated injection and withdrawal season FT capacity, needed to provide operational balancing. The remaining upstream capacity will be assigned to Energy Choice, SSO and SCO suppliers for the duration of the Phase 2 period to address isolated market issues, supplier access to upstream capacity and potential stranded costs. As noted in the Phase 2 Transition Plan:

"Due to the small volumes needed for DEO's isolated markets in Woodsfield and Powhatan Point, DEO will release the associated Texas Eastern capacity only to SSO providers and will require them to nominate volumes to those delivery points based on targets provided by DEO. In order to ensure adequate deliveries into DEO's much larger isolated Ashtabula market area, DEO will require Energy Choice, SSO and SCO suppliers to accept a release of the associated Tennessee Gas Pipeline ("Tennessee") and corresponding downstream Dominion Transmission ("DTI") capacity needed to serve that area on a pro rata basis. All suppliers will be obligated to nominate volumes through those pipelines based on targets provided by DEO. The amount of Tennessee and corresponding downstream DTI capacity to be released will be adjusted each month to reflect each supplier's pro rata share of the total Energy Choice, SSO and SCO market. Because Tennessee deliveries to the Cochranton, PA interconnection must be delivered to DEO through DTI, only the DTI portion of the release will count towards the supplier's comparable capacity requirement.

"All other capacity will be made available to Energy Choice, SSO and SCO suppliers on a pro rata basis at the inception of Phase 2. The pro rata calculations will be performed separately for DEO's East Ohio and West Ohio systems because they are served by different upstream pipelines. SSO suppliers will be required to accept pro rata releases, while SCO and Energy Choice suppliers will have the option of accepting the capacity. SSO suppliers will also be required to demonstrate that they have sufficient comparable capacity to provide 100% of design day customer requirements. Unlike the on-system storage and Tennessee/DTI capacity assignments, the other capacity released to suppliers will not follow customer load, i.e., once capacity is released to a supplier, it will remain released to the same supplier unless recalled. Under the terms of the release, the supplier will not be able to change the primary receipt or delivery points stated on the contract, and DEO will retain any associated right-of-first-refusal rights upon contract expiration. If any capacity made available to suppliers is not initially acquired through the capacity release process, it will be reposted and made available to other suppliers on a non-discriminatory basis. Energy Choice and SCO suppliers will be required to accept a pro rata release of any capacity that remains unreleased after being reposted."[1]

**Section 26 – Conditions of Supplier Default**

Explanation of Change:
Failure to accept a required release of upstream pipeline capacity added as a condition of supplier default in Section 26.1.

Rationale for Change:
Suppliers must accept the upstream pipeline capacity releases under the terms set forth in Section 4 in order to ensure reliable commodity service to Energy Choice, SSO and SCO customers and to eliminate stranded costs that would otherwise be incurred in Phase 2.

[1] The Federal Energy Regulatory Commission ("FERC") has initiated a rulemaking proceeding (Docket No. RM08-1) to revise its rules, regulations and policies governing the release of transportation and storage capacity on interstate natural gas pipelines. DEO's proposed release of capacity in Phase 2 will be subject to revision as may be necessary for continued compliance with FERC's revised rules, regulations and policies.

**Tariff References: Standard Choice Offer ("SCO") Gas Cost Rate**

Explanation of Change:
Introduction of a new SCO rate schedule.

Rationale for Change:
As noted in the Rationale for Change for the DSS and LVDSS rate schedules, the commodity service terminology for those customer classes utilizes the SCO designation in place of the SSO designation applicable to customers served under the GSS and LVGSS rate schedules. The SCO rate will change monthly in accordance with the results of the retail auction.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
Case No. 07-1224-GA-EXM

**EXEMPTION APPLICATION**
**EXHIBIT (C)(8)**

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**Description of Special-Arrangement Dockets with Customers Who May Be Affected by the Application.**

There are no dockets in which there are special arrangements with customers pursuant to section 4905.31 of the Revised Code, which customers may be affected by the application.

**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|---|---|---|
| **In the Matter of the Application of** | ) | |
| **The East Ohio Gas Company d/b/a** | ) | |
| **Dominion East Ohio for Approval of a** | ) | |
| **General Exemption of Certain Natural** | ) | |
| **Gas Commodity Sales Services or** | ) | **Case No. 07-1224-GA-EXM** |
| **Ancillary Services from Chapters 4905,** | ) | |
| **4909, and 4935 Except Sections 4905.10,** | ) | |
| **4935.01, and 4935.03, and from Specified** | ) | |
| **Sections of Chapter 4933 of the Revised** | ) | |
| **Code.** | ) | |

# APPENDIX A

## PHASE 2 TRANSITION PLAN

**DOMINION EAST OHIO**
**PHASE 2 TRANSITION PLAN**
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## OBJECTIVES

The objectives of the second phase pilot of Dominion East Ohio's ("DEO" or "Company") exit from the GCR-based merchant function are similar to those stated in the Phase 1 transition plan submitted in Case No. 05-474-GA-ATA. Both phases are intended to: (1) foster a competitive market in which customers can make informed choices among expanded alternatives while ensuring reliable commodity service by suppliers; and (2) address, without disrupting the competitive marketplace, the commodity service needs of those customers that cannot or will not choose among those alternatives. An additional objective of the Phase 2 pilot program is to facilitate the process of Choice-eligible customers establishing a contractual relationship with a Competitive Retail Natural Gas Service ("CRNGS") provider prior to the time DEO ceases providing commodity service to Choice-eligible customers. To meet this objective, DEO will conduct an auction under Commission supervision in which suppliers will compete for the right to serve the load of specific customers. Customers that do not wish to receive service from their designated supplier will be free at any time to enroll with a different Energy Choice supplier or participate in a governmental aggregation program.

## RATIONALE FOR CHANGE

Phase 2 of the Company's plan to exit the merchant function will yield the same benefits that Phase 1 generated in creating and sustaining a more competitive commodity market on DEO's system. Phase 2 provides additional consumer benefits by giving suppliers the opportunity to serve specific customers rather than a fixed percentage of DEO's aggregate wholesale requirements. As with Phase 1, Phase 2 eliminates the confusion and market distortion created by the unrecovered gas cost portion of the GCR mechanism and shifts the costs and risks of unexpected changes in migration to the suppliers bidding to supply those customers in the future. The auction structure proposed for Phase 2 is designed to yield additional benefits by extracting the premium that suppliers place on obtaining a retail customer, with whom they can establish an ongoing contractual relationship. Suppliers place a premium on receiving a retail customer through an auction process because it enables the supplier to avoid the cost of acquiring the customer through traditional marketing efforts. Just as suppliers reflected the significant benefits of an unprecedented storage spread in the Phase 1 auction process, it is expected the significant benefits of avoided customer acquisition costs will be reflected in the Phase 2 auction result and further reduce customer costs.

## DIFFERENCES BETWEEN PHASE 2 AND PHASE 1

Under the Phase 1 pilot program approved by the Commission in Case No. 05-474-GA-ATA, DEO secured wholesale supplies of natural gas through a descending clock auction in which six Standard Service Offer ("SSO") suppliers won the right to provide natural gas supplies to non-Energy Choice customers at the closing New York

Mercantile Exchange ("NYMEX") futures price for the prompt month plus a Retail Price Adjustment of $1.44 per mcf. The twelve tranches of supply provided by the winning bidders form the pool of gas supplies needed to serve both PIPP and non-PIPP sales customers. Those customers receive service pursuant to the Company's General Sales Service ("GSS") and Large Volume General Sales Service ("LVGSS") rate schedules, and their bills show DEO as the commodity service provider. Throughout the pilot program, which began in October 2006, customers eligible to participate in the Energy Choice program[1] may do so at any time by enrolling with an individual supplier or participating in a governmental aggregation program. Customers that do not participate in Energy Choice receive commodity service at a price that varies each month in accordance with the results of the Commission-approved SSO auction.

In Phase 2, customers that do not participate in the Energy Choice program will continue to receive commodity service at a price that varies each month in accordance with the results of a Commission-approved auction. Under the proposed Phase 2 program:

- If the customer is not eligible to participate in the Energy Choice program or is a PIPP customer, the customer's commodity will still be provided by a pool of wholesale supply that will be acquired via auction at a price approved by the Commission. Those customers, which comprise about a quarter of DEO's remaining sales customers, will see no change in the way their supplies are purchased or in the appearance of their bill. DEO will use the Standard Service Offer ("SSO") designation for the commodity service provided to those customers.

- If the customer is eligible to participate in Energy Choice, but has not elected to do so, the customer's commodity will be provided by a specific supplier selected via auction at a price approved by the Commission. The price for that commodity service, designated as Standard Choice Offer ("SCO"), will be the same for all such customers. DEO will purchase the supply from SCO providers for resale to the customer, just as it purchases supply in the aggregate from SSO providers, but will identify on the customer's bill the name of the particular supplier designated for the customer. As a result, the only change for those customers, which comprise about three quarters of DEO's remaining sales customers, will be the identification of their specific supplier on the bill.

As in the Phase 1 pilot program, customers eligible to participate in the Energy Choice program may do so at any time by enrolling with an individual supplier or through a governmental aggregation program.

[1] In order to receive service under DEO's Energy Choice Transportation Service ("ECTS") or Large Volume Energy Choice Transportation Service ("LVECTS") rate schedule, a customer must have no past due amounts of thirty days or more or must not have broken more than one payment plan during the preceding twelve months.

## PROPOSED TIMELINE

Given the August 31, 2008 termination of the Phase 1 pilot program, DEO will begin to render SCO service under its proposed Designated Supplier Service ("DSS") and Large Volume Designated Supplier Service ("LVDSS") tariffs effective the first appropriate billing cycle in September 2008. In order to give suppliers sufficient time to arrange capacity and supply resources to commence deliveries on September 1, 2008, DEO proposes to conduct its auction no later than July 25, 2008. The term of the Phase 2 SSO and SCO service to be provided pursuant to that auction will be September 1, 2008 to March 31, 2010. This will provide a term that is long enough to attract bidders and an end date that will be match the end of the storage withdrawal season, which is an important consideration in supply planning and acquisition.

A subsequent auction of a similar nature will be conducted for SSO and SCO service to be provided after March 31, 2010. SCO suppliers will thus have a vested interest in establishing Energy Choice agreements with their designated customers during the Phase 2 period in order to avoid the loss of those customers at the end of Phase 2. It is expected that this next auction will be the final SCO auction, involving considerably fewer customers due to the incentive of SCO suppliers to enroll their customers in the Energy Choice program before the auction takes place.

In order to achieve the desired end state within a reasonable time, the Company proposes a one-year supply term for that next auction of April 1, 2010 to March 31, 2011. Once that term expires, Choice-eligible customers will be required to enter into a direct retail relationship with a supplier or governmental aggregator to receive commodity service. During Phase 2, DEO will meet with stakeholders to determine an appropriate contract structure for Choice-eligible customers that do not enroll with an Energy Choice supplier or participate in a governmental aggregation program in the post March 2011 period.

DEO will continue to conduct SSO auctions after Phase 2 to secure wholesale supply to serve the needs of PIPP and Choice-ineligible customers. Based on the timetable described above, the period from DEO's October 2000 system-wide expansion of the Energy Choice program to the Company's final exit from the merchant function for Choice-eligible customers will span more than ten years.

## AUCTION OBJECTIVES

As required by the Commission in its May 26, 2006 Opinion and Order in Case No. 05-474-GA-ATA, DEO convened a stakeholder group to discuss various aspects of Phase 1 and Phase 2. The stakeholder group established objectives for any auction that might be conducted. Those objectives addressed customer, market structure, operational and auction structure issues as follows:

Customer Perspectives

- Provide identical pricing to all customers transitioning from SSO service.
- Ensure that the commodity price paid by PIPP customers is no higher than the price paid by non-mercantile customers that transition from SSO service.

Market Structure Perspectives
- Avoid an over-concentration of market shares.
- Support the continued viability of governmental aggregation programs.
- Avoid disruption of the existing Energy Choice market.

Operational Perspectives
- Establish an end date that coincides with the end of the storage withdrawal season.
- Have customer tranches that are large enough to attract qualified bidders.
- Maintain the attractive features of the initial Phase 1 auction.

Auction Structure Perspectives
- Avoid making the auction process overly complicated.
- Provide for a subsequent retail auction.

## AUCTION APPROACH

Two separate auctions will be conducted on the same day or, if both auctions cannot be completed in a single day, over the course of two days. Results of both auctions will require Commission approval. The first auction will employ a descending clock format and will be used to acquire wholesale natural gas supplies for PIPP, Choice-ineligible and certain other customers as specified in the DSS and LVDSS rate schedules. The format will be similar to the Phase 1 auction in that suppliers will compete for the right to serve a portion of aggregate customer load rather than specific customers. The 14.7 Bcf of the estimated annual load to be served will be divided into three tranches, and no one supplier will be able to acquire more than one tranche. Limiting the tranches that suppliers may serve will promote a diverse supplier base that will minimize the potential impact and risk of any one supplier defaulting on its supply obligations. Because the first auction will be conducted for wholesale supplies with no customer assignment, the results of this auction will serve as a proxy for the value of wholesale commodity service over the September 1, 2008 to March 31, 2010 period. As with the Phase 1 auction, suppliers will indicate whether they are interested in serving load at the Retail Price Adjustment ("Going Price") established for the round, which will be specified as an adder to the closing NYMEX price for the prompt month. Because there are only three tranches available with a single supplier able to serve no more than one tranche, a bidder will only indicate its interest in serving a single tranche at the Going Price for the round.

In the second auction, suppliers will compete for the right to serve the load of tranches of specific retail customers. The tranches will be comprised of randomly assigned groups of customers designed to yield similar weather-normalized annual volumes in the aggregate. In order to reflect the transitional nature of the commodity service to be provided in Phase 2, DEO will purchase the supply from SCO providers for resale to the customer. There will be nine tranches of Choice-eligible customers included in the auction, each comprised of approximately 3.8 Bcf of annualized load for 30,000 residential and 2,600 non-residential customers. Both mercantile and non-mercantile customers will be included in each tranche. The auction will begin under a descending clock format. Individual suppliers may bid on multiple tranches up to a three-tranche limit, which would serve one-third of the available market. A single supplier can be awarded bids in both the first and second auctions. Bidders participating in the second auction must be certified CRNGS providers.

The stakeholder group established to assess Phase 2 customer movement options concluded that PIPP customers should pay no more for commodity service than non-PIPP SSO customers migrating to SCO service in Phase 2. As a result, the second auction will use the results of the wholesale supply auction used to establish the SSO price paid by PIPP customers as the floor price. If the second auction concludes at a price above the wholesale auction result, it will terminate in accordance with pre-established end-of-auction rules. If, however, the Going Price in the retail auction falls to the wholesale auction price and the market remains over-subscribed (i.e., suppliers have indicated a willingness to serve more than the nine tranches required to serve the entire SCO market at that price), the auction will transition to another format. After a recess to inform bidders of the transition, suppliers will bid under an ascending auction format for the right to serve tranches of customers at the price established in the wholesale auction. According to supplier input received throughout the stakeholder process, the incremental value of obtaining a retail customer through an auction is considerable due to the avoidance of customer acquisition cost. Even though DEO will purchase and resell SCO supplies, winning bidders will still receive the benefit of serving specific customers to whom they can market other offers and services. As a result, it is expected that the bidding will reflect this incremental value. Bids will be submitted as the total number of tranches that the supplier is willing to "purchase" at the value identified for the round. The market will be cleared when there are just enough bids at a particular purchase price to serve the 34.2 Bcf market being bid upon. Winning suppliers will be awarded the right to serve the load of customers in their tranche(s) at the price established in the wholesale supply auction.

In the event an ascending auction format is implemented, winning suppliers will make a one-time payment to DEO based on the results of that auction, and DEO will return those funds to customers by crediting amounts that would otherwise be recovered through the Transportation Migration Rider – Part B. That rider is applicable to all SSO, SCO and Energy Choice customers. As a result, non-commodity rates for all of those customer classes will be affected equally, thereby avoiding the market disruption that would occur if the payments were to be credited to only a portion of the market.

## COMMODITY SERVICE / RATE SCHEDULE COMBINATIONS

In Phase 2, commodity service to DEO's customers will be available as follows:

| | GENERAL DESCRIPTION | COMMODITY SERVICE | APPLICABLE TARIFFS |
|---|---|---|---|
| **Standard Service Offer (SSO)** | Commodity service provided primarily to PIPP and Choice-ineligible customers | Supplied from a pool of wholesale supply secured by DEO in a wholesale auction | - General Sales Service (GSS)<br>- Large Volume General Sales Service (LVGSS) |
| **Standard Choice Offer (SCO)** | Commodity service provided to Choice-eligible customers migrating from SSO | Supplied by a designated CRNGS provider selected by DEO in a retail auction | - Designated Supplier Service (DSS)<br>- Large Volume Designated Supplier Service (LVDSS) |
| **Energy Choice Service** | Commodity service provided to customers that have enrolled with an Energy Choice supplier or that participate in a governmental aggregation program | Supplied by the customer's CRNGS provider or governmental aggregator | - Energy Choice Transportation Service (ECTS)<br>- Large Volume Energy Choice Transportation Service (LVECTS) |

## CUSTOMERS INCLUDED IN SSO

The customers that will be served with supply acquired through the wholesale SSO auction will be comprised of two groups: (1) those able to receive SSO commodity service on a continual basis; and (2) those who can obtain commodity service from the SSO pool only for a limited time. PIPP and Choice-ineligible customers will be able to receive SSO service on a continual basis. The following Choice-eligible customers will be able to receive SSO service for up to two consecutive billing periods:

- New customers that have not yet selected an Energy Choice supplier or been enrolled in a governmental aggregation program.
- Customers that had been receiving Energy Choice service but whose supplier agreement terminates before the customer enrolls with the same or different supplier under a new agreement.

Customers that have been disconnected for non-payment will remain in the SSO pool once they are reconnected until such time as they become Choice-eligible.

## ELIGIBILITY FOR GOVERNMENTAL AGGREGATION

Choice-eligible customers temporarily receiving SSO commodity service under the GSS or LVGSS rate schedules are eligible for enrollment in opt-out governmental aggregation programs. Customers receiving service under the DSS and LVDSS rate schedules also are eligible for enrollment in opt-out governmental aggregation programs. Customers receiving service under all other rate schedules, including ECTS and LVECTS, may participate in governmental aggregation on an opt-in basis if offered by the aggregator, but will not be automatically enrolled otherwise.

## NATURE OF SCO SERVICE

Standard Choice Offer service is a transitional commodity service. SCO customers are not classified as Energy Choice customers because their commodity is purchased from DEO, even though DEO identifies the specific supplier on the bill. Customers receiving service under the DSS and LVDSS rate schedules will be able to enroll in Energy Choice with the same or a different supplier and are also eligible for enrollment in a governmental aggregation program, all with no termination or exit fees. Suppliers providing commodity service to customers through DEO's DSS and LVDSS rate schedules will enter into a base contract for the sale and purchase of natural gas in which they agree to provide the commodity service for the specific SCO customers that they have been assigned in the auction as well as any new customers that may migrate to SCO service through March 31, 2010.

## POST-AUCTION MOVEMENT FROM SSO TO SCO SERVICE

After the initial movement of Choice-eligible customers to SCO service through the auction, subsequent Choice-eligible SSO customers will be automatically moved from their GSS or LVGSS sales service rate schedule to the corresponding DSS or LVDSS rate schedule effective with the third bill after becoming Choice-eligible. Suppliers awarded tranches of customers through the SCO auction will be obligated to accept all customers that may be assigned to them at the SCO auction price through March 31, 2010. Other CRNGS providers will have the option of accepting customers at that price for the same term and can designate what classes of customers, i.e., residential or non-residential, they are willing to accept. The designated supplier will be selected on a rotating basis. If the designated supplier is not currently accepting customers in that class, the customer will be moved to the next supplier scheduled to receive a customer from the class.

## CHANGES IN THE NATURE OF SERVICE

There are no fundamental changes in the nature of service provided to DEO's customers in Phase 2 because:

- Eligible customers will still have the option of participating in Energy Choice or purchasing commodity service from DEO.
- Supplies for customers receiving commodity service from DEO will still be procured through an auction process approved and overseen by the Commission.
- DEO will continue as the provider of last resort using the same sequential supply procedure established for Phase 1.
- DEO will still work within the stakeholder process to address customer education and other issues as needed to ensure that customers fully understand their options and that other issues are addressed as requested by participants.

The primary change for Choice-eligible customers that do not choose a supplier or participate in a governmental aggregation program is that the identity of their supplier will be disclosed on their bill.

## CAPACITY AND OPERATIONAL ISSUES

As in Phase 1, DEO will assign on-system storage rights to the suppliers awarded tranches in both the SSO and SCO auctions. The cost of the Company's storage function will continue to be included in base transportation rates. As a result, there will be no incremental cost to suppliers for those storage rights. The assignment will be consistent with the Energy Choice program and will be based on the peak day usage of the East Ohio division customers served in the supplier's pool. DEO will also continue to retain only that portion of on-system and contract storage, including the associated injection and withdrawal season FT capacity, needed to provide operational balancing.

Due to the small volumes needed for DEO's isolated markets in Woodsfield and Powhatan Point, DEO will release the associated Texas Eastern capacity only to SSO providers and will require them to nominate volumes to those delivery points based on targets provided by DEO. In order to ensure adequate deliveries into DEO's much larger isolated Ashtabula market area, DEO will require Energy Choice, SSO and SCO suppliers to accept a release of the associated Tennessee Gas Pipeline ("Tennessee") and corresponding downstream Dominion Transmission ("DTI") capacity needed to serve that area on a pro rata basis. All suppliers will be obligated to nominate volumes through those pipelines based on targets provided by DEO. The amount of Tennessee and corresponding downstream DTI capacity to be released will be adjusted each month to reflect each supplier's pro rata share of the total Energy Choice, SSO and SCO market. Because Tennessee deliveries to the Cochranton, PA interconnection must be delivered to DEO through DTI, only the DTI portion of the release will count towards the supplier's comparable capacity requirement.

All other capacity will be made available to Energy Choice, SSO and SCO suppliers on a pro rata basis at the inception of Phase 2. The pro rata calculations will be performed separately for DEO's East Ohio and West Ohio systems because they are served by different upstream pipelines. SSO suppliers will be required to accept pro rata releases, while SCO and Energy Choice suppliers will have the option of accepting the capacity. SSO suppliers will also be required to demonstrate that they have sufficient comparable capacity to provide 100% of design day customer requirements. Unlike the on-system storage and Tennessee/DTI capacity assignments, the other capacity released to suppliers will not follow customer load, i.e., once capacity is released to a supplier, it will remain released to the same supplier unless recalled. Under the terms of the release, the supplier will not be able to change the primary receipt or delivery points stated on the contract, and DEO will retain any associated right-of-first-refusal rights upon contract expiration. If any capacity made available to suppliers is not initially acquired through the capacity release process, it will be reposted and made available to other suppliers on a non-discriminatory basis. Energy Choice and SCO suppliers will be required to accept a pro rata release of any capacity that remains unreleased after being reposted.[2]

## COST RECOVERY ISSUES

The cost recovery procedures established for Phase 1 will remain intact for Phase 2. The Transportation Migration Rider – Part B will continue to recover all operational balancing costs as well as other costs formerly handled through the GCR mechanism. The rate, which will be updated quarterly, will reflect the following:

- All costs associated with maintaining operational balancing inventories, including contract storage, the withdrawal season FT needed to support firm withdrawals, the injection season FT needed to support firm injections, and carrying cost on the inventory as previously recovered through the GCR;
- The cost of purchased gas, net of storage activity, incurred by DEO as a result of operational balancing requirements as well as any differences between the actual unaccounted-for gas level and the volume provided though the fuel retention charged to transportation customers;
- The net effect of any receipts or disbursements associated with cash-outs, on-system storage sales or purchases, volumetric true-ups, and operational sales of on-system or contract storage inventory that may be required to address operational issues or tariff requirements;
- The crediting of contract storage costs from Transportation Migration Rider – Part A and Volume Banking Service charges that are billed to non-Energy Choice transportation customers as well as migration-related charges included in seasonal storage service rates;
- Any difference between the amount billed for provider of last resort ("POLR") service and the actual cost incurred for the volumes purchased or withdrawn from storage; and
- Associated excise tax unless otherwise recovered by an excise tax rider.

Some of the preceding items may involve either a debit or a credit to expense depending on the nature of the transaction, e.g., a negative versus a positive imbalance cash-out. The accounting of the preceding costs and Transportation Migration Rider – Part B recoveries will be reviewed as part of an annual financial audit that will be docketed in this proceeding.

### Unaccounted-for Gas ("UFG")

DEO will update its fuel retention rate using its existing methodology prior to conducting the auction. The updated rate will go into effect as of September 2008 and

[2] The Federal Energy Regulatory Commission ("FERC") has initiated a rulemaking proceeding (Docket No. RM08-1) to revise its rules, regulations and policies governing the release of transportation and storage capacity on interstate natural gas pipelines. DEO's proposed release of capacity in Phase 2 will be subject to revision as may be necessary for continued compliance with FERC's revised rules, regulations and policies.

will serve as the standard system-wide fuel retention rate charged to Energy Choice and traditional transportation service as well as SSO and SCO commodity service providers. Thereafter, the rate will be updated on an annual basis, with the change being implemented each April 1 along with the Btu conversion factors applied to interstate deliveries and Ohio production. The extent to which DEO's fuel retention rate over- or under-collects the actual retention requirement will be reflected in DEO's monthly gas purchase and net storage activity. Because DEO's monthly gas purchase and net storage activity is also affected by DEO's operational balancing requirements, DEO will debit or credit the Transportation Migration Rider – Part B with the combined cost of any over- or under-collection of fuel retention and maintaining operational balancing inventories, as well as the other items indicated previously.

As in Phase 1, DEO's storage migration adjustment to book inventories will continue to be shown as a storage withdrawal volume on the supply side and a company use volume on the requirements side. Because company use is one of the components of the fuel retention rate, recovery of the storage migration component will be provided through fuel retention. Any changes in the storage migration adjustment will be reflected in the annual update of the fuel retention rate.

**Purchase of Storage in Place by SSO Suppliers**

Under Phase 1, DEO assumes the responsibility for refilling storage inventories as of April 1, 2008. Because the transition to Phase 2 will begin after the start of the 2008 injection season, DEO will sell SSO and SCO suppliers on-system storage inventory in order to attain the percentage level specified in the Energy Choice Pooling Service ("ECPS") terms and conditions for the month in which those suppliers begin delivering gas for the Phase 2 pilot. The price for that sale will be based on the average first-of-month price index for Dominion Transmission, Inc. ("DTI") Appalachia from April 2008 through the month prior to suppliers delivering gas for the pilot, plus the 100% load factor DTI FTNN rate. That city gate Dt rate will be converted to an in-field Mcf rate by adjusting for Btu conversion, fuel retention and associated excise tax. If contract storage inventory is sold to those suppliers as a result of an assignment or release of contract storage capacity, the price will be based on the same average first-of-month price index excluding the 100% load factor DTI FTNN rate. Any difference between the amount realized from such sales and the actual cost will be reflected in the calculation of Transportation Migration Rider – Part B. The calculation of the purchase price and associated accounting of such sales will be reviewed as part of an annual financial audit that will be docketed in this proceeding.

**Program Cost Recovery**

Pursuant to the Stipulation and Recommendation approved by the Commission in Case No. 05-474-GA-ATA, DEO will fund consumer education and other program costs related to the implementation of Phases 1 and 2, up to $14 million, from the amounts attributable to a prior 1% accounts receivable discount and $0.0211/Mcf Program Cost Fee. The Program Cost Fee was discontinued in Phase 1 once the $14 million funding level was reached. Any consumer education or other program implementation related costs over and above $14 million will be deferred by DEO for recovery in a future rate case. As in the other costs referenced in this section, program-related expenditures will be reviewed as part of an annual financial audit that will be docketed in this proceeding.

## PROVIDER OF LAST RESORT

As in Phase 1, DEO will be the provider of last resort ("POLR") during Phase 2 in the event of default by an Energy Choice, SSO or SCO supplier under the following terms:

### Sources of Supply

DEO will sequentially obtain supplies as needed from the following sources in the event of a supplier default:

1. *Non-Defaulting Suppliers* – DEO will first offer all non-defaulting SSO, SCO and Energy Choice suppliers the option of immediately increasing their deliveries to cover the estimated shortfall in proportion to their respective market shares. If not all suppliers are willing or able to immediately increase deliveries commensurate with their respective shares, DEO will work with willing suppliers on a non-discriminatory basis to purchase whatever volumes they are able to provide up to the estimated shortfall.[3] Suppliers will be paid the price established through the wholesale auction process.
2. *Storage Assigned to Defaulting Supplier* – Upon default, all on-system storage capacity assigned or sold to the defaulting supplier and the corresponding inventories will revert to DEO as provided under the Creditworthiness provisions of the applicable terms and conditions of service. DEO will use that capacity and inventory to satisfy any financial exposure created by the default and to cover any supply shortfall not addressed by the preceding option offered to non-defaulting suppliers.
3. *Operational Balancing Capacity* – If the preceding sources do not provide enough supply, DEO will utilize its operational balancing inventory to cover shortfalls resulting from a supplier default. Operational balancing capacity is held to accommodate differences between daily target deliveries and actual end-user consumption under normal operating conditions. A material supplier default will likely result in an OFO being issued. That will temporarily reduce operational balancing requirements because suppliers operating under an OFO are required to match supply with estimated consumption on a near real-time basis, rather than the 2-4 day lead-times used to post delivery targets during non-OFO periods. DEO will use the operational balancing capability temporarily freed up as a result of the OFO issuance to cover shortfall volumes not supplied by other means.

[3] In the event of supplier default, DEO will use its best efforts to accommodate requests for on-system storage over-withdrawals of up to 15% for those suppliers providing additional deliveries. Suppliers utilizing such authorized overruns must still comply with the month-end storage inventory requirements set forth in the terms and conditions unless waived by DEO.

4. *Incremental Purchases* – In the unlikely event that the preceding sources of supply are still not enough to cover the estimated shortfall, DEO will acquire additional flowing supplies via city gate purchases. Because DEO will release upstream pipeline capacity to suppliers on a recallable basis, DEO may recall capacity not being used to deliver gas to its system in order to acquire supplies upstream of the city gate if necessary.

**Term**

DEO will stand ready to provide POLR service to customers for the remainder of the billing month in which the default occurs and for one additional billing month thereafter. The number of POLR service bills that a customer receives will depend on the timing of his billing cycle relative to the date the supplier defaults. If a customer has already received his bill for the billing month in which the default occurs, he will receive only one POLR service bill for the following billing month. If a customer has not yet received his bill for the billing month in which the default occurs, he will receive two POLR service bills – one for the month in which the default occurs and another for the following billing month. In either case, the customer will be free to select another supplier as soon as possible after the default occurs. Enrollments of customers formerly served by a defaulting supplier will be processed in the same manner as any other enrollment.

DEO's POLR responsibility will effectively cease at the end of the next billing month following the date of default. Supply responsibility after that time will reside with the customer's new supplier, if one is selected, or with the SSO suppliers. Thus, in the second billing month following default, a customer will be billed at a new supplier's rate if he selects another supplier that submits an enrollment in time for the bill to be generated using the new supplier's rate. If the customer does not select another supplier or does not have its enrollment submitted in time, the customer will be billed at the standard SSO rate. In the event of default by one of the SSO suppliers, the tranche that it previously served will be divided between the two remaining non-defaulting suppliers. If one or both of the non-defaulting SSO suppliers are unable or unwilling to accept that responsibility, DEO will offer other suppliers the opportunity to provide wholesale commodity service under similar terms or undertake another auction to acquire the needed supplies. If DEO conducts an auction that results in a price which is different than the Phase 2 wholesale auction result, SSO customers will be charged a composite price based on the two auctions results. The provisions and pricing of SCO service, however, will remain unchanged, including the movement of Choice-eligible SSO customers to SCO service after two billing periods.

**Pricing**

Regardless of the timing of the default of the supplier and the supply source used to cover subsequent delivery shortfalls, DEO will bill customers of the defaulting supplier the applicable supplier rate for the entire billing month in which the default occurs and the standard SSO rate for the following billing month. In the event of a default by an SSO or SCO supplier, customers would continue to be billed the standard SSO or SCO rate regardless of the supply source used to cover the delivery shortfalls created by the default. The following example illustrates the proposed procedure:

Assume a supplier defaults by failing to make supply nominations for the February 20 gas day.

- For the February billing month, all of the supplier's customers will be billed at the February supplier billing rate previously input into the billing system <u>regardless</u> of whether their bill was issued before or after February 20. (If it is a SSO supplier that defaults, SSO customers would likewise see no change in their February billing rate.)
- For the March billing month, all of the supplier's customers will be billed at the March SSO rate.
- For the April billing month, a customer's bill will either reflect a new supplier rate or the April SSO rate depending on whether the customer has made a selection of another supplier in time for the enrollment to be processed for the April billing month.

**Cost Recovery**

Any difference between the amount billed for POLR service and the price paid for the supplies will be reconciled and recovered through the Transportation Migration Rider – Part B (Operational Balancing Component). Rider recovery of that difference, as well as any adverse financial impact on DEO from the default, is appropriate because all Energy Choice, SCO and SSO customers receive the benefit of DEO standing ready to provide POLR service to either marketplace. In the month that the default occurs, DEO will designate volumes billed at the supplier's rate in excess of those provided by the supplier before the default as POLR service. In the month following default, all volumes will be designated as POLR service. Any difference in the amount billed for those POLR volumes and the actual cost incurred for the volumes purchased or withdrawn from storage will be recovered through the rider, along with an amount necessary to cover any adverse financial impact to DEO not recouped through collateral, parent company guarantee, letter of credit or other means. The accounting of the prices, costs and recoveries associated with POLR service will be reviewed as part of the annual financial audit that will be docketed in this proceeding.

**Other**

A supplier's failure to nominate supply in accordance with applicable terms and conditions may constitute default for purposes of implementing these POLR service provisions. Procedures and consequences related to Energy Choice supplier default are specified in the ECPS terms and conditions, while those related to SSO or SCO supplier default will be specified in the Gas Supply Agreement. DEO will not provide POLR service under the preceding terms to traditional transportation customers receiving service under the Daily Transportation Service, General Transportation Service or Transportation Service for Schools rate schedules. DEO will provide commodity service to the traditional transportation class pursuant to the Gas Transportation Program Guidelines issued in Case No. 85-800-GA-COI, which require only a best efforts commodity service at a price that reflects all costs incurred by DEO in providing the service. The accounting of the prices and costs associated with such sales will be reviewed as part of the annual financial audit that will be docketed in this proceeding.

## STAKEHOLDER PROCESS

DEO will continue the stakeholder group process established in Phase 1 in order to permit the group to assess the performance of the Phase 2 pilot and address consumer education and other issues that may arise during the pilot. Any party wishing to participate in the process may do so. While not obligated to implement recommendations made by the stakeholder group, DEO will nonetheless endeavor to achieve consensus where possible and consider in good faith any and all recommendations made by the group.

**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|---|---|---|
| **In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services from Chapters 4905, 4909, and 4935 Except Sections 4905.10, 4935.01, and 4935.03, and from Specified Sections of Chapter 4933 of the Revised Code.** | ) ) ) ) ) ) ) ) ) ) | **Case No. 07-1224-GA-EXM** |

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## APPENDIX B

## WRITTEN MATERIALS RELATED TO SERVICE AND PRODUCT OFFERINGS WHICH PROMOTE EFFECTIVE CUSTOMER CHOICE AND THE PROVISION OF ADEQUATE CUSTOMER SERVICE

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### CONTENTS

- Customer Connection Newsletters
- Special Bill Inserts
- Customer and Elected Official Letters
- Standard Service Offer Website Information
- News Releases
- Video: *Natural Gas. The Choice Is Yours*
- Customer Rights and Responsibilities Information

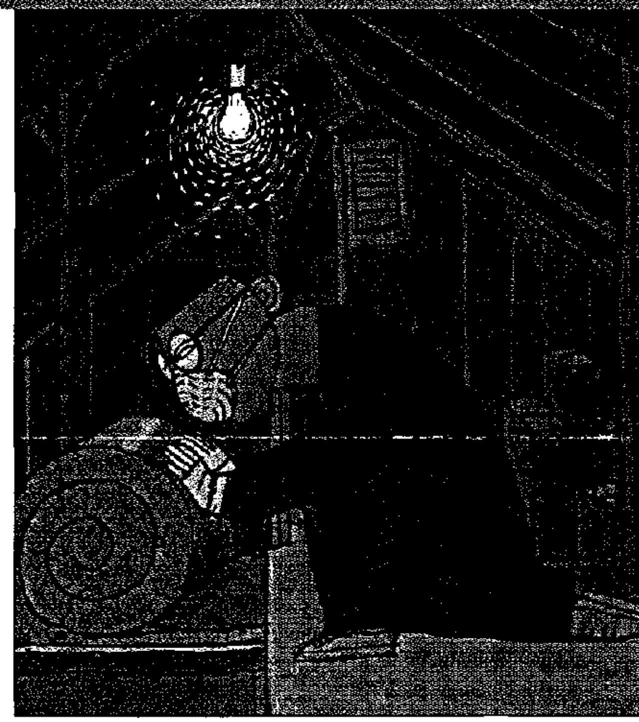
# CUSTOMER CONNECTION

AUGUST 2006

Customer service inquiries

1-800-362-7557 or www.dom.com

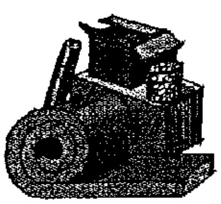

## Conservation leads to savings



Dominion customers saved an average of 4 percent to 6 percent on their heating bills last year thanks to energy improvements and conservation methods.

When natural gas prices reached record highs in 2005, customers responded by insulating and weatherizing their homes and by turning down their thermostats to conserve energy.

The energy conservation methods worked. Even accounting for a milder-than-normal winter, many customers saved energy and money.



Do the same this year. Now is a good time to prepare for the change of season by checking your home's insulation and plugging leaks to the outside.

First, check your attic insulation. If it is sparse or badly settled, consider adding more to bring it up to a minimum of R-30.

Air leakage accounts for about 30 percent of heating expenses. Take time to patch places where heat could escape.

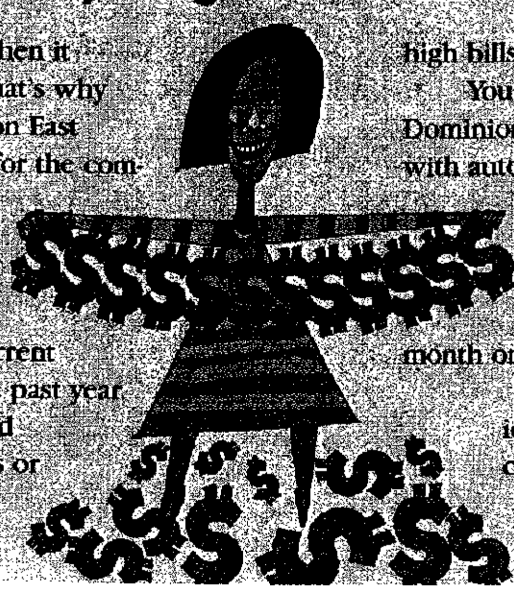
Use caulk or expanding spray foam to seal around pipes and wires that lead from the attic or crawl space into the home.

Caulk cracks around window and door moldings, and weather-strip around door frames and at the top and bottom of window sashes.

Also, caulk cracks around masonry fireplaces and keep the damper closed when not in use. Weather-strip and insulate attic doors and pull-downs.

Under your house, put a polyethylene vapor barrier on the ground. This will keep a lot of moisture from getting into your home. ▬

## Cut out peaks and valleys in gas bills



Nobody likes surprises when it comes to utility bills. That's why nearly 486,000 Dominion East Ohio customers have signed up for the company's budget-billing plan.

With budget billing, your monthly bills are leveled throughout the year. You pay an amount based on weather, current rates and your gas usage over the past year.

The amount may be adjusted periodically to avoid large credits or high bills at the end of the budget year.

You also may want to combine Dominion East Ohio's budget-billing plan with automated bank drafting.

With a bank draft, the amount of your gas bill is deducted automatically from your bank account every month on a date of your choosing.

You can sign up for Dominion's budget-billing program by calling 1-800-362-7557. ▬

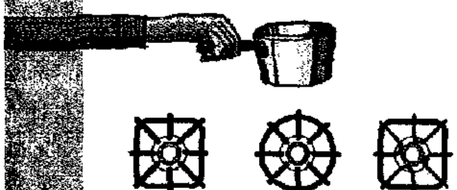
## Bye-Bye GCR—hello SSO ✓

Due to the success of Energy Choice, Dominion East Ohio is changing the way it buys natural gas for its customers who have not yet selected an Energy Choice supplier.

Based on a pilot program approved by the Public Utilities Commission of Ohio (PUCO), we will accept bids from suppliers to provide gas for our non-Choice customers.

A bidding process in August will determine the price the company will pay suppliers for natural gas. Dominion then will deliver gas to customers not participating in Energy Choice at that price.

Once the winning bidders are approved by PUCO in early September, non-Choice customers will note the following change on their October billing statements:



The ***Gas Cost Recovery*** item on the billing statement will change to ***Standard Service Offer***. This change will represent the new pricing based on the auction process.

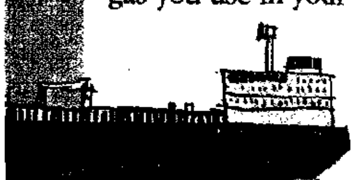
For Energy Choice offers, visit PUCO online at www.puco.ohio.gov or call 1-800-299-7271. You also can visit the Ohio Consumers' Counsel online at www.pickocc.org or call 1-877-742-5622.

## LNG adds to gas supply

Dominion is doing its part to increase the nation's energy supply through its liquefied natural gas facility in southern Maryland.

Dominion Cove Point recently passed a milestone when it received its 200th tanker shipment.

Liquefied natural gas is the liquid form of the gas you use in your home for heating and cooking.



By cooling natural gas to minus 260 degrees Fahrenheit, it becomes a liquid and can be transported safely in ships in great quantities.

In its liquid state, natural gas is nontoxic, nonflammable and nonexplosive.

Since 2003, more than 540 billion cubic feet of natural gas has flowed from Cove Point to consumers in the mid-Atlantic and Northeast.

For more information, visit www.dom.com. Type "Cove Point" into the search box.

## Emergency service—anytime

Natural gas is odorless and colorless, so Dominion East Ohio adds an odorous substance to it so you can detect its presence.

One thing is clear: The odor stinks. It contains sulfur compounds and smells like rotten eggs. If you detect a ***strong*** sulfur-like smell, do not attempt to locate the leak.

Instead, leave the house or building immediately. Do not switch on or off any appliances or lights. At a neighbor's house or on a cell phone away from the property, call our toll-free emergency number—1-877-542-2630.

The company provides emergency service 24 hours a day, seven days a week. ***It is considered an emergency if customers smell a strong odor of gas or if none of their natural gas appliances is working.***

Dominion

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CUSTOMER CONNECTION
FEBRUARY 2007
CUSTOMER SERVICE INQUIRIES
1-800-362-7557 or www.dom.com

## Consider your options

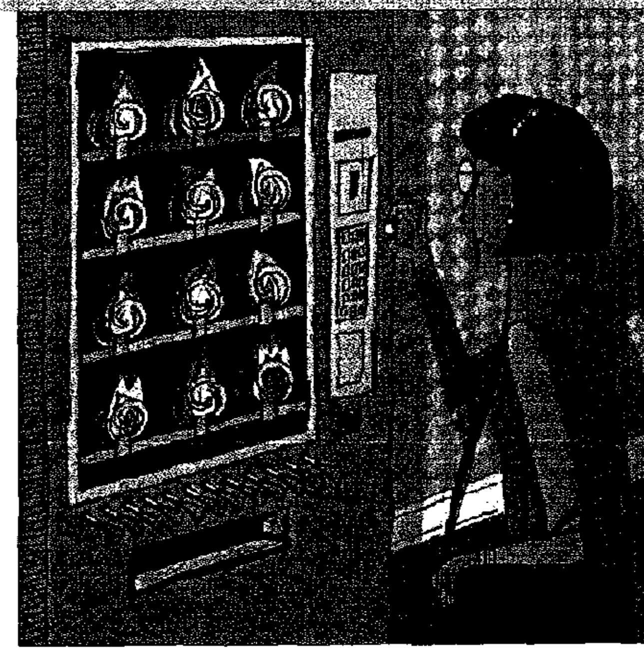
The natural gas distribution world has changed. And those changes mean you have a choice about who supplies natural gas to your home or business.

Our customers can choose a supplier through the Energy Choice program, or they can purchase their natural gas through Dominion East Ohio's Standard Service Offer.

More than 800,000 of our 1.2 million customers currently participate in Energy Choice. Customers not yet participating and those who are evaluating their options can check prices from a number of suppliers and still pick one that best suits their needs.

A good one-stop source for prices and options is the Public Utilities Commission of Ohio's Apples to Apples price-comparison chart. Visit www.puco.ohio.gov or call the commission toll free at 1-800-299-7271.

Information also is available through the Ohio Consumers' Counsel, www.pickocc.org, or 1-877-742-5622. Dominion's Standard Service Offer, which varies from month to month, also is listed on these sites.



No matter which supplier provides your natural gas, Dominion East Ohio will continue to deliver the fuel to your home or business.

We also will continue to offer payment plans such as budget billing and will handle emergency calls and other customer-service calls.

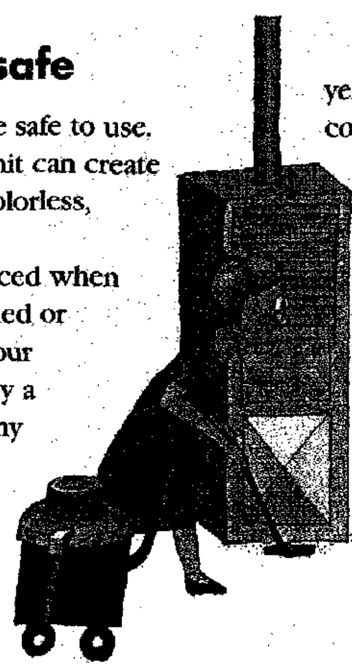
The company makes a regulated profit on the delivery of natural gas. Dominion East Ohio does not earn any profit at all on the gas it sells. Instead, it is allowed to recover the cost of securing natural gas supplies on a dollar-for-dollar basis.

## Breathe easy, stay safe

Natural gas appliances are safe to use. But a malfunctioning unit can create carbon monoxide—a colorless, odorless gas that can be lethal.

Carbon monoxide is produced when appliances are improperly installed or maintained. So you must have your appliances inspected regularly by a licensed contractor and repair any faulty ones immediately.

Note that gas flames generally should be blue, possibly with flecks of orange. A mostly yellow flame indicates the gas is not burning completely and is giving off carbon monoxide.



Have a professional heating contractor inspect your furnace and water heater annually. Clean or replace your furnace filter throughout the heating season.

Check the furnace and hot water tank chimneys for blockages and signs of improper venting, such as soot around the appliance or moisture on the inside of windows when the unit is operating.

Vacuum regularly around the furnace—especially around the burner compartment—to prevent dust buildup.

## Energy assistance is available

When you don't have heat in your house, you don't need a weather report to tell you it's cold outside.

Now, with our EnergyShare program, you can help those who can't afford to heat their homes.

EnergyShare is a heating-assistance program of last resort for those in need during the winter.

It is funded by donations from our customers and employees and administered by the Greater Cleveland Salvation Army.

EnergyShare helps with any home-heating bill, whether the fuel is gas, oil, wood, kerosene or electricity. Every cent donated goes to providing fuel because Dominion pays the administrative costs.

You can make a tax-deductible contribution by adding $1, $2, $6, $12, $18 or $36 to your bill.

Or you can mail a separate check payable to EnergyShare, Salvation Army, P.O. Box 5847, Cleveland, Ohio 44101.

## Call and please be home

When you move and need to disconnect your natural gas service, it is important to do three things:

1. Call at least seven days in advance for an appointment.
2. Make sure the meter is accessible.
3. Make sure an adult is there when we arrive to shut off the service.

Many of our customers make arrangements to have their natural gas service shut off but often are not home at the appointed time.

If we cannot access your meter, we cannot disconnect your service. That means you will continue to be billed until the service is shut off.

So please remember to give us enough notice to disconnect, and be there at the appointed time.

## Protect your loved ones

Wintertime brings icy winds and plunging mercury. It also increases the chances of hypothermia—a potentially life-threatening condition that occurs when body temperatures drop below 95 degrees Fahrenheit.

Hypothermia can occur in a home with no heat or when the thermostat is turned down too low.

Low body temperature affects the brain, leaving a person unable to think clearly. The body becomes too cold to function normally. As a result, a victim may not realize what is happening.

Especially at risk are seniors and those with heart disease or diabetes.

Please don't let someone you love suffer. Make sure they are well fed and bundled up and that their house temperature stays at a comfortable level.

## A safety net for seniors

Dominion's third-party notice lets customers designate someone for us to notify before the natural gas service is disconnected.

This can come in handy for those who take extended vacations and forget to notify us.

The third party receives the same notification as the customer of a past-due amount and due date.

He or she then can help the customer take steps to make sure service continues uninterrupted. The third party is never obligated to pay the bill.

If you or someone you know could benefit from a third-party notice, please call us at 1-800-362-7557 or visit www.dom.com.

Type "third party" into the search box; then select your state.


Dominion
P.O. Box 26666
Richmond, VA 23261
Or send us an e-mail at
Customer.Connection@dom.com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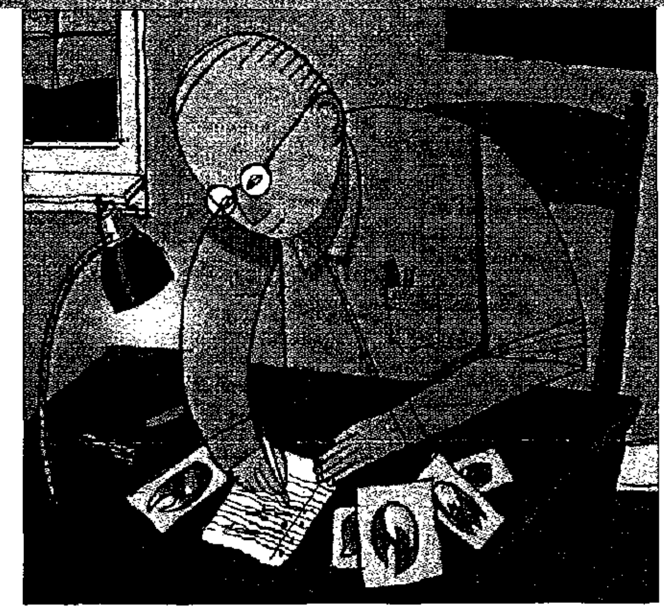
CUSTOMER
JUNE 2007
CONNECTION

CUSTOMER SERVICE INQUIRIES
www.dom.com or 1-800-362-7557

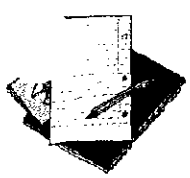
## Do your homework, then make best choice for you



Customers can buy natural gas these days from a variety of Energy Choice suppliers, through municipal aggregation programs or directly from Dominion East Ohio.

Energy Choice lets you compare all your gas supply options so you can choose the best one for you. You can buy natural gas from any of the Energy Choice suppliers certified by the Public Utilities Commission of Ohio.

Or you can buy directly from Dominion East Ohio under its Standard Service Offer (SSO), which is regulated by the commission.



Still another option is buying natural gas through a municipal aggregation program if your community offers one.

For supplier offers, check the "Apples to Apples" chart at www.puco.ohio.gov or call 1-800-686-7826. Also, check the Ohio Consumers' Counsel site at www.pickocc.org (click on "Natural Gas," then "Comparing Your Energy Choices") or call 1-877-742-5622.

Issues you should consider in choosing a natural gas supplier include: length of contract; cost; fixed or variable rate, and cancellation fees. The commission and counsel Web sites have more information on this and other issues.

If you want to change suppliers, call the new supplier, which will notify Dominion East Ohio to switch you over. Regardless of where you buy natural gas, Dominion East Ohio will still deliver it to you and provide customer service and 24-hour emergency response.

Call 1-800-843-3719 for a free video that explains gas supply options, or view it online at www.dom.com (keyword: "choice").

## Energy conservation efforts succeed

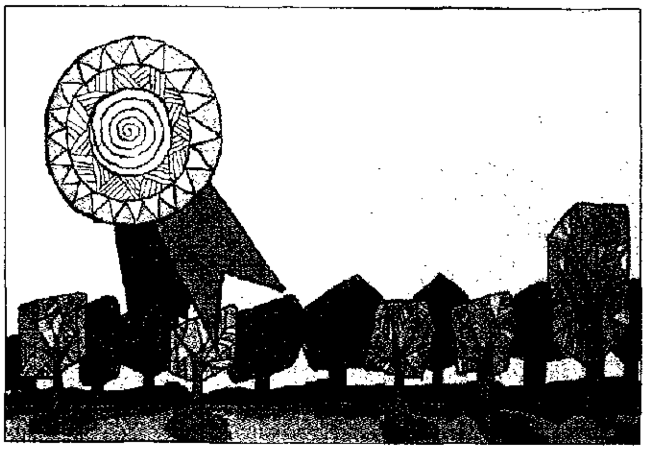
Residential natural gas users across the country have more than doubled their conservation efforts.

Every year from 2000 through 2006, customers reduced their natural gas usage by 2.2 percent, a 2007 American Gas Association study shows.

Before 2000, usage was cut by only about 1 percent per residential customer each year.

Some reasons for the latest drop are a 44 percent increase in natural gas prices, more energy-efficient appliances, improved home insulation, and tighter-built new homes.

The study reflected usage by more than 16 million residential customers in 29 states.



## Honoring environmentalists

Dominion and Cleveland's Biodiversity Alliance are accepting applications through June 30 for nominees for excellence in advancing environmental quality in northeastern Ohio.

On Oct. 5, winners in four categories—community, higher education, primary/secondary education and business—will each receive a plaque and a $2,500 cash award.

Contact Rebecca White at (216) 661-6500 x4029 or rrm@clevelandmetroparks.com.

## Do we have your number?

Dominion East Ohio may need to call you if we are delayed for a scheduled appointment. But we can reach you only if we have your correct telephone number.

We estimate that as many as one-third of our customers have either no phone number or an inaccurate one listed with us.

Dominion East Ohio treats your phone number as protected customer information. By the same token, before we discuss your account, we must make sure we are speaking with the account holder.

So we will ask for your account number or the last four digits of your Social Security number before we transact business.

If you are not sure we have your correct telephone number on your account, or if you change your phone number, please let us know.

You can update your information at www.dom.com. Go to "Manage Your Account."

## Heat and sun safety

Be careful and avoid heat-related illnesses as the weather heats up and the humidity increases.

When the mercury rises, everyone is at risk for heat rash, heat cramps, heat exhaustion and heat stroke.

A temperature of 90 degrees combined with 75-degree relative humidity registers a heat index of 109 degrees. Prolonged exposure or physical activity in the heat increases your health risk.

So to protect yourself from the damaging effects of the sun, keep these safety tips in mind:

- Apply sunscreen 30 minutes before going outside. Use a product with a sun protection factor of 15 or higher and reapply as necessary.

- Wear sunglasses to protect your eyes, a wide-brim hat to protect your ears, head, face and neck, and loose-fitting clothing with long sleeves.
- Take breaks in the shade and drink plenty of liquids to replenish lost fluids.

Remember: The hotter and more humid it is, the harder it is for your body to cool itself. So be sensible about physical exertion in hot temperatures.

*Customer Connection* is produced for Dominion East Ohio customers and published by the External Affairs & Corporate Communications group.

For more information about Dominion, visit www.dom.com. If you would like more information about an article in this newsletter or if you have suggestions on future topics, please contact:

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# Goodbye, GCR. Say Hello to SSO

A new pilot program approved by the Public Utilities Commission of Ohio (PUCO) will allow Dominion East Ohio to change the way it buys natural gas for customers who have not selected a natural gas supplier.

**Q.** What changes?

**A.** Starting in mid-October, the line item on the billing statement known as the Gas Cost Recovery (GCR) will change to the Standard Service Offer (SSO). With the SSO, all customers will pay the same transportation rate for the delivery of natural gas supplies to customers' homes and businesses. This will make it easier for customers to shop and compare natural gas prices. The SSO price will change monthly to reflect the change in the market price of natural gas.

**Q.** What stays the same?

**A.** Dominion East Ohio will continue to deliver natural gas to all customers, offer payment plans, such as budget billing, and handle emergency and other customer-service calls. Ohio law prohibits Dominion East Ohio and other utilities from earning a profit on the natural gas but does allow the company to recover — on a dollar for dollar basis — the cost of securing those natural gas supplies.

**JOHN Q. PUBLIC**

123 ELM ST
ANYTOWN, OH 44103

| Account Number | Date Prepared | Next Meter Reading |
|---|---|---|
| 0 0000 0000 0000 | November 1, 2006 | 11/30 – 12/4/2006 |

| Credits And Charges Since Your Last Bill | | |
|---|---|---|
| Balance from last bill | $56.42 | |
| Payment on Oct 11, 2006 - Thank You | 56.42 CR | |
| Balance | | $.00 |
| **Current Charges** | | |
| General Sales Service Rate | | |
| Monthly Service Charge | $5.70 | |
| Gas Usage Charge | | |
| 5.0 MCF @ $13.738 | 68.69 | |
| Total Current Charges | | $74.39 |
| Total Account Balance | | $74.39 |

This bill includes $54.76 for SSO gas cost at $10.951 per thousand cubic feet (MCF) and $2.68 for Gross Receipts Tax.

You may be able to save on the SSO gas cost portion of your bill by shopping for an alternative gas supplier.

**Q.** Why is Dominion East Ohio changing the way it buys natural gas?

**A.** The Energy Choice program has had widespread success. About 70 percent of Dominion East Ohio's 1.2 million customers already participate in Energy Choice. So, the company is taking the program to the next level by urging all customers to investigate their options and to make the best choice for themselves.

**Q.** Who is eligible?

**A.** To choose an alternative natural gas supplier on your own, you must be a Dominion East Ohio customer. You must not owe any payments of 30 days or more as of your last billing statement or you must be current on a payment plan. Percentage of Income Payment Plan (PIPP) customers are covered by the Standard Service Offer and are not eligible to participate in Energy Choice.

**Q.** Are customers who buy natural gas from other suppliers still Dominion East Ohio customers?

**A.** Yes. Regardless of the supplier, Dominion East Ohio will continue to deliver the natural gas to homes and businesses. As always, customers will continue to pay a transportation charge based on the amount of gas they use, plus the same applicable monthly service charge.

**Q.** Where can I get specific information on suppliers and their Energy Choice offers?

**A.** For Energy Choice supplier offers, the Public Utilities Commission of Ohio has the "Apples to Apples" chart to compare prices. To get a free copy of the "Apples to Apples" chart call the PUCO at 1–800–299–7271 or visit its Web site at www.PUCO.ohio.gov. To receive the "Comparing Your Energy Choices" chart, residential customers also may call the Ohio Consumers' Counsel, toll free at 1–877–PICKOCC (1–877–742–5622) or visit www.pickocc.org.

Dominion®

**...and a free video** that tells you how you might save money on your gas bill is yours with just one phone call.

**You compare prices** for things like gasoline and groceries, right? *So, why not shop for natural gas if it might mean lower prices?*

**free is good...**

Our free six-minute video *(viewable in English or en Español)* tells you about your different gas supply options, including Energy Choice, aggregation and the Standard Service Offer (SSO). You'll learn about the various rate options, too, such as fixed, variable and hybrid. The video is easy to understand, and it even includes some energy-saving tips.

To order your free video *(available on DVD or VHS)*, call **1-800-843-3719**, or you can view it online. Visit **www.dom.com**, enter *Choice* into the keyword search box, and select Dominion East Ohio Energy Choice. You'll find the video link on the left-hand side of the menu.

Remember, regardless of where you buy your natural gas, **Dominion East Ohio** will still deliver it to your home and provide you with customer service and 24-hour emergency response.

**Natural Gas: *The Choice Is Yours.***

**Call 1-800-843-3719 for a free DVD or VHS!**

*The video was created through the cooperative efforts of:*

The Public Utilities Commission of Ohio

Office of the Ohio Consumers' Counsel

Dominion®

| The Public Utilities Commission of Ohio | Office of the Consumers' Councel | Dominion |
|---|---|---|
| 1-800-686-PUCO (7826) | 1-877-PICKOCC | 1-800-362-7557 |
| www.puco.ohio.gov | 1-877-742-5622 | www.dom.com |
| | www.pickocc.org | Keyword: Choice |

# You have choices when it comes to buying **Natural Gas**

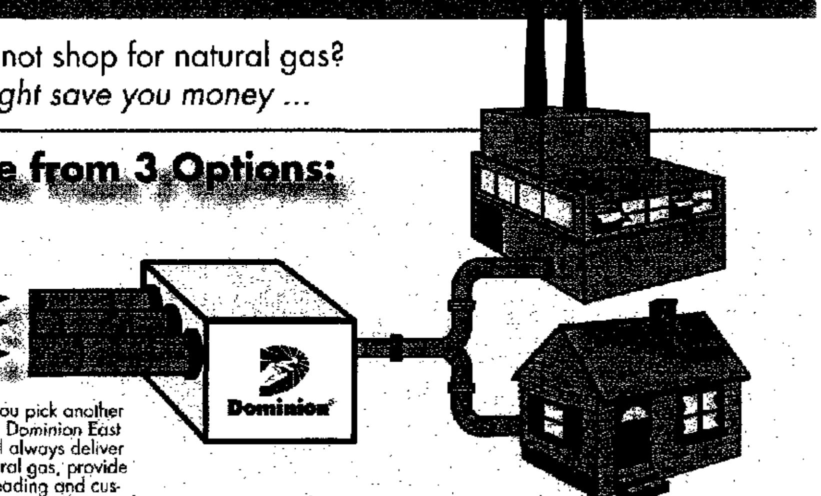
You shop for groceries and other items. So why not shop for natural gas?
*It might save you money ...*

## Choose from 3 Options:

**1. Energy Choice** gives you variety. Different suppliers offer various rates—such as fixed or variable—and lengths of contract.

**2. Aggregation** is when a group, like a city, pulls together to buy natural gas in bulk. *(Check to see if your community offers a program.)*

**3.** Or, you can buy your gas from **Dominion East Ohio** through the Standard Service Offer (SSO). The SSO rate varies month to month and is based on natural gas market prices.




Even if you pick another supplier, Dominion East Ohio will always deliver your natural gas, provide meter reading and customer service, and respond to emergency situations.

*Flip to the other side of this insert for info.*

# Compare natural gas offers and rates from the comforts of your home

*Get all the information you need to make an informed decision about natural gas supply for your home or business.*

**Natural Gas.** The Choice Is Yours.

- To evaluate suppliers' offers, check the "Apples to Apples" chart:

The Public Utilities Commission of Ohio

1-800-686-PUCO (7826)
www.puco.ohio.gov

- Check out the "Comparing Your Energy Choices" chart:

Office of the Ohio Consumers' Counsel
*Your Residential Utility Consumer Advocate*

1-877-PICKOCC
1-877-742-5622
www.pickocc.org

- View a list of suppliers and communities that have aggregation programs. And call the number below for a free informational video on gas supply choices:

Dominion®

1-800-843-3719
www.dom.com
Keyword: *Choice*

2007-195 © 2007 DOMINION 1.1MM/7-07/DOM

# What are my **natural gas options?**

- ☐ Energy Choice
- ☐ Standard Service Offer (SSO)
- ☐ Aggregation
- ☑ **All of the Above**

For more information, go to **www.dom.com,** key [illegible] ***choice***
*...or call 1-800-843-3719 for a free video.*

## Compare natural gas offers and rates from the comforts of your home

*Get all the information you need to make an informed decision about natural gas supply for your home or business.*

**Natural Gas.** The Choice Is Yours.

- To evaluate suppliers' offers check the "Apples to Apples" chart:

  The Public Utilities Commission of Ohio

  1-800-686-PUCO (7826)
  www.puco.ohio.gov

- Check out the "Comparing Your Energy Choices" chart:

  Office of the Ohio Consumers' Counsel

  1-877-PICKOCC
  1-877-742-5622
  www.pickocc.org

- View a list of suppliers and communities that have aggregation programs. And call the number below for a free informational video on gas supply choices:

  Dominion

  1-800-843-3719
  www.dom.com
  Keyword: *Choice*

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*CurrDate*

*Mail Label Line 1*
*Mail Label Line 2*
*Mail Label Line 3*
*Mail Label Line 4*
*Mail Label Line 5*
*Mail Label Line 6*

**ACCOUNT NO.:**
+0000000000000
**SERVICE ADDRESS:**
*Addr Service Street*
*AddrServ.CityState*

**Subject: Dominion East Ohio to Change the Way It Purchases Natural Gas**

Thank you for your recent inquiry regarding changes to the way in which Dominion East Ohio purchases natural gas for its customers. You do not have to choose another natural gas supplier at this time.

Dominion purchases natural gas on behalf of its customers and passes those costs onto its customers on a dollar-for-dollar basis.

Some changes are imminent in the way the company purchases natural gas for its customers. Once made, these changes will be in place for about two years. During this time, you can still choose another natural gas supplier if you wish.

At the end of August, Dominion East Ohio will hold an auction to select lowest-cost suppliers to provide the natural gas that will be sold to our customers. Beginning around October, we will make monthly gas purchases from the selected suppliers at market rates and pass that cost onto our customers on a dollar-for-dollar basis.

In the past, the gas pricing included what we <u>expected</u> to pay for gas during the upcoming period.

Because the price of gas fluctuates daily, we inevitably would either collect too much or too little money from customers. Then, at some point, we would have to "true up" the price. With the new process, the natural gas price will be set each month and the cost of fuel for our customers won't be subject to such "true up" adjustments.

About 70 percent of our customers now purchase their natural gas from another supplier through the Energy Choice program. For the other 30 percent, we -- as mentioned above -- continue to purchase the gas and pass those costs on without making a profit.

It may behoove you to at least look at the price you pay for natural gas and see if there are any suppliers who can beat our price. Remember, no matter what you do, Dominion East Ohio will continue to deliver the gas, maintain the pipelines and take care of customer service issues.

During the next few months, Dominion East Ohio will provide additional information on these changes through "Customer Connection," our customer newsletter, bill inserts and messages printed on monthly billing statements.

Sincerely,
Dominion East Ohio
Customer Service Center

eog031

Dear Special Billing System Customer:
A new pilot program approved by the Public Utilities Commission of Ohio (PUCO) will allow Dominion East Ohio to change the way it buys natural gas for customers who have not selected a natural gas supplier.

Starting in October, the line item on the billing statement known as the Gas Cost Recovery (GCR) will change to the Standard Service Offer (SSO). With the SSO, all customers will pay the same transportation rate for the delivery of natural gas supplies to customers' homes and businesses. This will make it easier for customers to shop and compare natural gas prices. The SSO price will change monthly to reflect the change in the market price of natural gas.

Dominion East Ohio will continue to deliver natural gas to all customers, and handle emergency and other customer-service calls. Ohio law prohibits Dominion East Ohio and other utilities from earning a profit on the natural gas but does allow the company to recover -- on a dollar for dollar basis -- the cost of securing those natural gas supplies.

The Energy Choice program has had widespread success. About 70 percent of Dominion East Ohio's 1.2 million customers already participate in Energy Choice. So, the company is taking the program to the next level by urging all customers to investigate their options and to make the best choice for themselves.

To choose an alternative natural gas supplier on your own, you must be a Dominion East Ohio customer. You must not owe any payments of 30 days or more as of your last billing statement or you must be current on a payment plan.

Regardless of the supplier, Dominion East Ohio will continue to deliver the natural gas to homes and businesses. As always, customers will continue to pay a transportation charge based on the amount of gas they use, plus the same applicable monthly service charge.

For Energy Choice supplier offers, the Public Utilities Commission of Ohio has the "Apples to Apples" chart to compare prices. To get a free copy of the "Apples to Apples" chart contact the PUCO at 1-800-299-7271 or visit its Web site at www.PUCO.ohio.gov. To receive the "Comparing Your Energy Choices" chart, residential customers also may contact the Ohio Consumers' Counsel, toll free at 1-877-PICKOCC (1-877-742-5622) or on line at www.pickocc.org.

Dominion

Dear Customer,

Dominion East Ohio is changing the way it buys natural gas.

Thank you for your recent inquiry regarding changes to the way in which Dominion East Ohio purchases natural gas for its customers. You do not have to choose another natural gas supplier at this time.

Dominion purchases natural gas on behalf of its customers and passes those costs onto its customers on a dollar-for-dollar basis.

Some changes are occurring in the way the company purchases natural gas for its customers. Once made, these changes will be in place for about two years. During this time, you can still choose another natural gas supplier if you wish.

An auction was held in August 2006 to select lowest-cost suppliers to provide the natural gas that will be sold to our customers. Beginning around October, we will make monthly gas purchases from the selected suppliers at market rates and pass that cost onto our customers on a dollar-for-dollar basis.

In the past, the gas pricing included what we <u>expected</u> to pay for gas during the upcoming period.

Because the price of gas fluctuates daily, we would either collect too much or too little money from customers. Then, at some point, we would have to "true up" the price. With the new process, the natural gas price will be set each month and the cost of fuel for our customers won't be subject to such "true up" adjustments.

About 70 percent of our customers now purchase their natural gas from another supplier through the Energy Choice program. For the other 30 percent, we -- as mentioned above -- continue to purchase the gas and pass those costs on without making a profit.

You may want to at least look at the price you pay for natural gas and see if there are any suppliers who can beat our price. Remember, no matter what you do, Dominion East Ohio will continue to deliver the gas, maintain the pipelines and take care of customer service issues.

During the next few months, Dominion East Ohio will provide additional information on these changes through "Customer Connection," our customer newsletter, bill inserts and messages printed on monthly billing statements.

Sincerely,
Dominion East Ohio
Customer Service Center

Robert W. Varley
Director, State & Local Affairs

August 24, 2006

Dear Elected Official:

Beginning in October, Dominion East Ohio will change the way it buys gas for the minority of its customers who do not already participate in the Energy Choice or municipal aggregation programs, such as NOPEC. The change will apply to the 30 percent of our customers who still buy natural gas directly from Dominion East Ohio.

To help you respond to any constituent concerns or questions, I am sharing some relevant information on the program, which the Public Utilities Commission of Ohio has tentatively approved as a two-year pilot, which will begin in mid-October, after final Commission approval.

***First, all Dominion East Ohio customers will continue receiving natural gas and reliable delivery service as they always have, regardless of supplier.*** Second, there will be only one noticeable change for affected customers: the line item on the billing statement known as the Gas Cost Recovery (GCR) will be replaced by the Standard Service Offer (SSO). The SSO price will change monthly to reflect changes in the national market price for natural gas, as did the GCR.

Dominion East Ohio will continue to deliver natural gas to all customers, offer payment plans, such as budget billing, and handle emergency and other customer service calls. Ohio law prohibits Dominion East Ohio and other utilities from earning a profit on the natural gas but does allow the company to recover – on a dollar-for-dollar basis – the cost of securing those natural gas supplies.

***Remember, customers who buy natural gas commodities from Energy Choice or municipal aggregation suppliers remain Dominion East Ohio customers for the delivery of that gas to their homes and businesses. As always, customers will continue to pay a transportation charge based on the amount of gas they use, plus the same applicable monthly service charge.***

**Why Dominion East Ohio is making this change:** The Energy Choice program has had widespread success and now the company is taking the program to the next level by urging all customers to investigate their options and to make the best choice for themselves. For Energy Choice supplier offers, the Public Utilities Commission of Ohio has the "Apples to Apples" chart to compare prices. To get a free copy of the "Apples to Apples" chart contact the PUCO at 1-800-299-7271 or visit its Web site at www.PUCO.ohio.gov. To receive the "Comparing Your Energy Choices" chart, residential customers also may contact the Ohio Consumers' Counsel, toll free at 1-877-PICKOCC (1-877-742-5622) or on line at www.pickocc.org.

If you have any further questions, please feel free to contact me directly at (216) 736-6207.

Sincerely,

Robt W Varley



# New Rate Structure Will Simplify Rate Comparisons

**Latest Information**

- **Summary**
- **FAQs**
- **Letter to Customers**
- **Customer Bill Insert - September 2006**
- **Customer Connection - February 2007**
- **PUCO Approves Pricing Auction**
- **Simplified Rate Comparisons - East Ohio**
- **Simplified Rate Comparisons - West Ohio**
- **Video: *Natural Gas. The Choice Is Yours.***

During a nearly two-year pilot program, Dominion will eliminate the use of the Gas Cost Recovery mechanism for the remaining 30 percent of customers not already on Energy Choice and instead replace it with a new monthly market price. This will make it easier for customers to shop for a new gas supplier.

**What is Dominion East Ohio changing about Energy Choice?**
The company is improving the Energy Choice program. Since the beginning of Energy Choice in 1997, customers have shopped and selected to purchase gas from suppliers other than Dominion East Ohio. Today, about 70 percent of all customers have decided to buy gas from another supplier. During a nearly two-year pilot program, Dominion will eliminate the use of the Gas Cost Recovery mechanism for the remaining 30 percent of customers not already on Energy Choice and instead replace it with a new monthly market price, called the Standard Service Offer (SSO) rate, which will make it easier for customers to shop for a new gas supplier. This is part of a pilot plan that will ultimately result in all choice-eligible customers purchasing gas from an alternate supplier.

**Why is Dominion East Ohio making these changes?**
The pricing fluctuations we've experienced as a result of the Gas Cost Recovery rate mechanism have made it difficult for customers to compare rates when shopping for a gas supplier. This, combined with the fact that Dominion East Ohio makes no profit on the price it charges for gas, is leading Dominion East Ohio to shift its business focus away from selling gas. Dominion earns its profit from the delivery of gas. Even *with this change, Dominion will still continue to deliver the gas to its 1.2 million* customers. The change will make it easier for customers to compare prices when shopping for a supplier.

**What will this do to my bill?**
By making this change, customers can expect to see more competitive market prices from suppliers. The new SSO rate, charged to customers who still buy their gas from Dominion East Ohio, will change monthly as did the GCR after November 2004. When the SSO rate goes into effect in mid-October 2006, customers who buy their gas from Dominion East Ohio will see wording changes on their bills to reflect the new rate.

# Frequently Asked Questions

| | |
|---|---|
| **What?** | On May 26, 2006, the Public Utilities Commission of Ohio (PUCO) approved Phase I of the Exit the Merchant Function filing.<br><br>Under Phase I, Dominion East Ohio will no longer operate using the Gas Cost Recovery rate pricing mechanism. Instead, Dominion East Ohio will purchase gas from the lowest-cost bidders. Suppliers will compete for the ability to provide portions of Dominion's supply needs. |
| **When will Phase I start?** | We anticipate that it will start in mid-October 2006. |
| **I already purchase gas from a supplier. Does this affect me?** | No, it doesn't change the contract with your current supplier. |
| **Who does Phase I affect and how does it affect them?** | • Under Phase I, customers who are currently buying their gas supply from Dominion East Ohio under the Gas Cost Recovery rate will move to a Standard Service Offer rate. While this rate will still change every month, it will not include the Unrecovered Gas Cost adjustment that had been part of the GCR.<br>• The transportation rate for the delivery of natural gas supplies will be the same regardless if customers participate in Energy Choice or aggregation, or purchase gas directly from Dominion East Ohio. This change will make it easier for customers to shop and compare natural gas prices. |
| **Will East Ohio make money on this?** | Dominion will continue to make no profit on the natural gas portion of the bill. Instead, Dominion recovers its operating cost and a return on its investment in pipelines and facilities through its delivery charges. |
| **I'm not with a supplier. Can I still enroll in Energy Choice?** | Yes. |

*Continued on next page*

## Frequently Asked Questions

Continued

| | |
|---|---|
| **Will customers see changes in their service from Dominion East Ohio?** | No. Dominion will continue to provide its current services, such as the billing, meter reading, and emergency response and the ability to contact the company with billing and service questions. The only things that change are the manner in which Dominion East Ohio obtains the gas supply for customers who currently purchase gas from Dominion East Ohio, and the replacement of the gas cost recovery pricing mechanism with competitive market pricing. |
| **I'm on Energy Choice. Under Phase I, can I obtain my gas supply from Dominion East Ohio?** | Yes. Before doing so, though, be sure to check the contract with your supplier to find out if there are any cancellation fees. Remember that the new Dominion East Ohio Standard Service Offer rate will change each month. We encourage you to shop for the best offer. |
| **How long will Phase I last?** | The PUCO directed East Ohio to conduct the Phase I pilot over two heating seasons. However, if the PUCO doesn't feel that the program is in the best interests of customers, the PUCO may terminate the program at any time. |
| **What happens under Phase II?** | The full details are yet to be worked out. |

END

# DEO Phase 1 Transition Plan

Implementation expected in mid-October 2006

## What Changes…

- DEO buys its gas from suppliers through a bidding process subject to PUCO approval
- Gas Cost Recovery (GCR) rate is replaced by a Standard Service Offer rate
- Unrecovered gas costs go away
  - Sales and Energy Choice transportation rates are identical
  - Easier to compare offers
- Minor wording changes on bills
- More supplier offers are expected

## What Stays the Same…

- Rate for DEO-supplied gas continues to changes monthly
- DEO still makes no profit on the sale of gas
- DEO continues to:
  - Read the meter
  - Respond to emergencies
  - Bill customers
  - Handle customer inquiries
- Customers can still buy gas from DEO or another supplier

# PUCO Approves Dominion East Ohio's Pricing Auction

| | |
|---|---|
| **What?** | On August 30, 2006, the Public Utilities Commission of Ohio (PUCO) approved the results of Dominion East Ohio's August 29 auction seeking the lowest cost providers of natural gas for the company's remaining sales customers. |
| **What will happen?** | Beginning in mid-October 2006, Dominion's sales customers will pay a price that varies each month based on a widely used price measure from the New York Mercantile Exchange (NYMEX), plus a cost of $1.44 per MCF, which takes into consideration the cost of transporting gas from producing areas to Ohio. This new price will be known as the Standard Service Offer (SSO) rate and it will replace the current Gas Cost Recovery (GCR) rate. |
| **Will Dominion make a profit?** | The price that Dominion will bill its sales customers for the gas will be identical to what it pays the suppliers. As with the current Gas Cost Recovery (GCR) price, Dominion will continue to make no profit on the natural gas portion of its bill. |
| **Why the change?** | The PUCO's approval of this new pricing approach will make it easier for Dominion's customers to compare offers from other natural gas providers, which will improve the competition in its Energy Choice program. |
| **How does this make it easier to compare natural gas offers?** | • There will no longer be any difference between Dominion's charges for delivering the gas that it sells and delivering gas sold by other providers, which will help customers make better "apples-to-apples" comparisons among offers.<br>• Dominion believes effective competition is the best way for consumers to manage the biggest portion of their gas bill – the cost of the natural gas itself. |
| **Can I still select an Energy Choice supplier?** | Yes. You can choose gas supply from one of the providers that have been certified by the PUCO to sell gas. For supplier comparison information:<br>• Visit the PUCO Web site at www.puco.ohio.gov or call the PUCO "Apples to Apples" toll-free number at 1-800-299-7271.<br>• Residential customers can visit the Ohio Consumers' Counsel Web site at www.pickocc.com or call toll-free at 1-877-742-5622. |

*Continued on next page*

# PUCO Approves Dominion East Ohio's Pricing Auction,
Continued

| | |
|---|---|
| **How frequently can natural prices change?** | Dominion's price will still change monthly. Customers can choose from a variety of offers made by other providers. Some of those offers may have variable monthly pricing or a fixed price for some or all of the contract term. |
| **When can customers expect to know the new monthly SSO rate?** | The new rate will be announced at the beginning of each month, roughly two weeks before the first bills reflecting that month's rate are generated. |
| **How many Dominion East Ohio customers purchase gas from another supplier?** | At this point, about 70% of the company's eligible customers buy their gas from another provider, making Dominion's Energy Choice program one of the largest in the country. |
| **What services will Dominion still provide?** | **Dominion will still read meters, issue bills and handle customer inquiries just as it always has.** There are no changes in customer service planned as a result of the PUCO's approval of Dominion's application, and we will continue to ensure that customers receive reliable service even if they buy gas from another provider. |
| **Is this a pilot program?** | Yes. The PUCO has ruled that Dominion can implement this restructured sales service on a pilot basis from October 2006 to August 2008.<br>• Dominion, the PUCO and other groups will meet to discuss future changes that will still be subject to PUCO approval.<br>• If this phase goes well, Dominion will consider requesting PUCO approval to have all of its customers buy gas from an alternate provider.<br>• If that occurs, Dominion is committed to working with the PUCO and consumer advocates to ensure that customers have all of the information they need to make informed choices. |

END

(Op-ed submission to media outlets in northeast Ohio)

## NYMEX Knowledge Can Help Customers Make Good Energy Choices

**By Bruce Klink**

*Vice President, Gas Regulation, Dominion East Ohio*

Beginning in October, natural gas commodity prices – as determined by trading on the New York Mercantile Exchange (NYMEX) -- will have a more direct impact on the 400,000 Dominion East Ohio customers who continue to buy natural gas from the company.

The NYMEX, the world's largest commodity futures exchange, sets a national market price for natural gas, so a good working knowledge of how the exchange works can help customers better evaluate their options under the company's Energy Choice program.

The NYMEX is like a "stock market" for a wide range of commodities, including energy (natural gas, crude oil, gasoline, heating oil, coal and electricity) and precious metals (gold, silver, copper and platinum). The futures contract -- an agreement to buy a quantity of a commodity, at a certain price, at a future date -- is the NYMEX market mechanism linking buyers and sellers.

The NYMEX natural gas futures contract is widely used as a national benchmark price. For example, the month-end settlement price for natural gas delivered for October 2006 was $4.201 per million British thermal units (MMBTU), a unit of measure roughly equivalent to one thousand cubic feet (mcf), the sales unit Dominion East Ohio uses.

Henceforth, Dominion's sales customers will pay a Standard Service Offer (SSO) price that varies each month -- based on the NYMEX month-end settlement price -- plus a "Retail Price Adjustment" of $1.44 per thousand cubic feet (mcf). The Public Utilities Commission of Ohio approved that $1.44/mcf adjustment, which resulted from an August 29 auction Dominion East Ohio conducted with Commission supervision.

The Standard Service Offer price for October is $5.641 per mcf.

Under the auction, six suppliers agreed to provide the amount of natural gas needed to serve the 400,000, or 30 percent, of Dominion East Ohio's 1.2 million customers who do not already buy natural gas from other suppliers under Energy Choice or municipal aggregation programs.

The price that Dominion will bill its sales customers for natural gas under the new SSO will be identical to what it pays the suppliers. Thus, as with the previous Gas Cost Recovery (GCR) price, Dominion will continue to make no profit on the natural gas portion of its bill.

PUCO approved this new pricing approach as a pilot program through August 2008. It will make it easier for Dominion's customers to compare offers from other natural gas providers, which will improve the competition in its Energy Choice program.

The GCR, based on a combination of price forecasting and "unrecovered gas costs," made it difficult for Energy Choice suppliers to set competitive prices. This also made it harder for customers to compare the Dominion East Ohio rate to supplier prices and to figure out their best options. The new SSO system eliminates unrecovered gas costs, resulting in a more market-based price.

(more)

Though Dominion East Ohio's approach to purchasing and pricing natural gas for its sales customers is changing, the company will continue to deliver natural gas to all customers, regardless of supplier, offer payment plans such as Budget Billing, and handle emergency and other customer service calls.

If customers choose to purchase gas from another supplier, they remain Dominion East Ohio customers for the transportation, or delivery, of that natural gas to their home or business. They will pay a delivery charge based on the amount of gas they use, plus the same monthly service charge.

The price of natural gas price has increased significantly in recent years. The combination of increasing natural gas demand for electrical power generation and declining domestic natural gas production have more than doubled NYMEX natural gas market prices in the past seven years.

Variables, such as the impact of Hurricanes Katrina and Rita on the Gulf of Mexico, a major natural gas production region, caused prices to spike even higher last year. On the other hand, warmer-than-normal winter weather and milder late summer temperatures this year have caused NYMEX prices to decline from their peak of $13.907 in October 2005.

***Customers need to know that, because the demand for natural gas is seasonal, the NYMEX price can change dramatically from one month to the next. When comparing Energy Choice offers to the SSO price, customers should avoid placing too much emphasis on the current month's SSO price if they are comparing it to a long-term fixed price offer.***

Dominion East Ohio urges all customers to research their options under Energy Choice. Participants must have no arrears of 30 days or more, be current on a payment plan to discharge such arrears, or not have broken a prior payment plan more than once in the past twelve months. ***Percentage of Income PaymentPlan (PIPP) customers are covered by the Standard Service Offer and are not eligible to participate in Energy Choice.***

A little NYMEX knowledge can help customers evaluate Energy Choice and municipal aggregation offers. Customers can learn more about the NYMEX and obtain natural gas futures prices online at www.nymex.com.

The NYMEX month-end settlement price is set on the third business day from the end of the previous month. Customers can take that price -- and add the $1.44/mcf Retail Price Adjustment -- to get a preview of the next month's SSO figure, to use as a benchmark in comparing competitive Energy Choice offers.

While Dominion's SSO price will still change monthly, as it did under the former GCR system, customers can choose from a variety of offers from other providers. Some of those offers may have variable monthly pricing or a fixed price for some or all of the contract term.

A valuable source of supplier information is the Public Utility Commission of Ohio's "Apples to Apples" chart, which compares supplier offers. To get a free copy of the "Apples to Apples" chart, which compares various supplier offers, contact the PUCO at 1-800-299-7271 or visit the Commission's Web site at www.PUCO.ohio.gov. Customers also may contact the Ohio Consumers' Counsel, toll-free, at 1-877-PICKOCC (1-877-742-5622) or on line at www.pickocc.org.

###

Dominion

# News Release

**FOR IMMEDIATE RELEASE**

**Date:** **November 8, 2006**

**Company:** Dominion East Ohio

**Contacts:**
Media: Jeff Zidonis, (216) 736-6228, or Neil Durbin, (216) 736-6239, or toll-free in Ohio, 1-800-556-4400. In Lima, Peggy Ehora, (419) 226-4866.

## DOMINION EAST OHIO INTRODUCES NEW GAS RATE

CLEVELAND – Dominion East Ohio is introducing a new natural gas rate for customers who have not selected another supplier as part of a pilot program approved by the Public Utilities Commission of Ohio (PUCO).

The new rate is the Standard Service Offer, or SSO. It replaces the Gas Cost Recovery, or GCR, rate.

Two things are the same with the new rate: The SSO rate will change monthly, and Dominion East Ohio will not earn a profit on the gas it sells to customers; the purchase cost is passed dollar for dollar directly to customers.

The company also will continue to deliver natural gas reliably to all customers regardless of which supplier they choose. Dominion East Ohio also will continue to handle emergency and other customer service calls.

The SSO is part of a pilot program approved by the PUCO, and it reflects actual natural gas market conditions based on the New York Mercantile Exchange (NYMEX). In the past, Dominion East Ohio's rate was based on market prices, but it also included a gas cost adjustment related to previous rates.

The price of natural gas for customers who buy directly from Dominion East Ohio from Nov. 10 through Dec. 12, 2006, will be $8.593 per thousand cubic feet (MCF). This monthly SSO rate represents an increase from the previous month's rate of $5.64 per MCF and is largely the result of a seasonal change in the market price of natural gas. <u>The SSO may increase as the winter progresses because of the effect of winter heating demand on national market prices.</u>

In addition to the SSO rate, Dominion East Ohio will continue to charge a monthly service charge and a delivery charge based on the amount of gas used, as it did under the GCR mechanism.

Energy Choice customers considering returning to the SSO must remember the following when making their decision:

-more-

- Because it takes 30 days to 60 days to complete a change in suppliers, the current Dominion East Ohio SSO rate will not be in effect when customers who sign up now are billed. A new SSO rate will be in effect at that time.
- The SSO is a variable rate that changes monthly. Only Energy Choice suppliers offer customers the ability to lock in a fixed-price for up to a year or longer.
- Before switching, customers should also check with their current Energy Choice supplier to determine if the cost of any cancellation fee in their individual contract would negate any potential savings from switching back to Dominion East Ohio's SSO service.
- When comparing Energy Choice offers to the SSO rate, customers should avoid placing too much emphasis on the current month's SSO rate if they are comparing it to a long-term fixed price offer. Customers should keep in mind that in today's volatile market prices calculated monthly such as the SSO can and will vary greatly over a year. Monthly bills will vary based on usage, of course, even with a fixed price.
- Energy Choice customers can still enroll in budget billing to levelize payments over the course of a year.

"We want our customers to do what is best for them, no matter who they choose to supply their natural gas," said Jimmy Staton, senior vice president-Gas Delivery. "While Dominion East Ohio's current rate may be lower than the price offered by others, that may change."

Customers who still buy natural gas from Dominion East Ohio can – and are encouraged to – shop around for other suppliers through the Energy Choice program. They may have the opportunity for savings by participating in the program. All customers are eligible to participate in Energy Choice unless they have broken more than one payment plan in the last 12 months or are a Percentage of Income Payment Plan (PIPP) customer.

For a list of suppliers, contact the Public Utilities Commission of Ohio at 1-800-299-7271, or consult the PUCO Apples to Apples Natural Gas Marketer Comparison chart at www.puco.ohio.gov, or contact the Ohio Consumers' Counsel at 1-877-742-5622 (Web site: www.pickocc.org).

Dominion is one of the nation's largest producers of energy, with an energy portfolio of about 28,000 megawatts of generation, about 6.3 trillion cubic feet equivalent of proved natural gas reserves and 7,800 miles of natural gas transmission pipeline. Dominion also operates one of the nation's largest underground natural gas storage systems with more than 950 billion cubic feet of storage capacity and serves retail energy customers in 11 states. For more information about Dominion, visit the company's Web site at www.dom.com.

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Dominion

# News Release

**FOR IMMEDIATE RELEASE**

**May 9, 2007**

**Company:** Dominion East Ohio

**Contacts:**
Media: Jeff Zidonis at (216) 736-6228, or at (216) 401-2804.

## DOMINION'S FREE VIDEO HELPS EXPLAIN CUSTOMERS' NATURAL GAS SUPPLY OPTIONS

CLEVELAND – Understanding the choices that customers have when it comes to buying natural gas just got easier, thanks to a free video from Dominion East Ohio.

The six-minute video covers a number of topics, including the different selections available such as the Standard Service Offer (SSO), Energy Choice and aggregation. The video also answers questions about the different types of rates and how to compare natural gas offers.

"Using easy-to-understand language and pipeline illustrations, the video highlights the differences between buying gas from Dominion East Ohio and buying gas from any number of natural gas suppliers," said Jeff Murphy, director–Pricing & Regulatory Affairs for Dominion East Ohio. "We want to help customers make an informed decision because their choices could result in lower natural gas bills."

Customers can order the free video (available on DVD or VHS) by calling **1-800-843-3719**, or they can view it online by visiting www.dom.com and entering the keyword **choice** in the search box. It can be viewed in either English or Spanish. The video will also be available through local libraries and will air on local television community access channels.

"Regardless of where customers buy their natural gas, Dominion East Ohio will still deliver it to their homes and businesses and will continue to provide customer service and 24-hour emergency response," Murphy said.

Dominion East Ohio joined forces with the Public Utilities Commission of Ohio, the Office of the Ohio Consumers' Counsel, natural gas suppliers and community organizations to produce the video.

Dominion is one of the nation's largest producers of energy, with an energy portfolio of about 26,500 megawatts of generation. Dominion also serves customers in 11 states. For more information about Dominion, visit the company's Web site at www.dom.com.

###

Jeff Murphy
Director of Pricing & Regulatory Affairs

Dear Community Partner:

Understanding the choices natural gas company customers have when it comes to buying natural gas just got easier, thanks to a free video from Dominion East Ohio. In our efforts to work closely with the communities and customers in our service area, we're looking to you to help us get the word out about the video, which contains valuable information and could save customers money on their gas bill.

The six-minute video covers a number of topics, including the different choices available–the Standard Service Offer (SSO), Energy Choice and aggregation. The video also answers questions about the different types of rates, and how to compare natural gas offers. It also includes answers to frequently asked questions. It can be viewed in either English or Spanish.

Using easy-to-understand language and pipeline illustrations, the video highlights the differences between buying gas from Dominion East Ohio and buying gas from any number of natural gas suppliers. We want to help customers make an informed decision. After all, the choices customers make could result in lower natural gas bills for them.

In the past, you have helped by adding our educational videos to your shelves, so that your patrons could check out the video to view at their leisure. We're hoping we can count on you again. We're enclosing several copies, as well as a poster that will help you promote it. There is added white space on the poster, so that you can personalize it if you wish. In your case, maybe you want to write in: "You can check out this video, by asking for it at the front desk." The poster also includes other options customers have to view the video, such as viewing it online at www.dom.com.

Dominion East Ohio joined forces with the Public Utilities Commission of Ohio and the Office of the Ohio Consumers' Counsel, natural gas suppliers and community organizations to produce the video

If you need additional copies or if you have any questions, feel free to call Jeff Zidonis in Cleveland at 216-736-6228, or call his toll-free number at 1-800-556-4400. We appreciate your support in helping us get out important information about the choices customers have when it comes to their natural gas bill. In the end, it could save them some money.

Sincerely,

B-442_P-01427
© 2002 PII

By watching this short, but informative video (también disponible en espanol), you can learn about supply options such as...

- The Standard Service Offer (SSO)
- The Energy Choice program
- Aggregation

You'll also discover...

- Who delivers your natural gas, no matter which supplier you have;
- Who supplies your natural gas if you don't choose your own supplier;
- What "variable," "fixed" and "hybrid" rates mean;
- How to compare natural gas offers;
- Where to find more information on natural gas options;
- What Aggregation means.

**BONUS!**

"Ten Commonly Asked Questions about Natural Gas."

From why natural gas prices fluctuate these days... to who delivers the gas... to energy-saving ideas.

This DVD was created through the cooperative efforts of...

The Public Utilities Commission of Ohio

Dominion

Public Utilities Commission of Ohio (PUCO)
1-800-686-PUCO (1-800-686-7826)
www.PUCO.ohio.gov

Ohio Consumers' Counsel
Toll-free: 1-877-PICKOCC (1-877-742-5622)
www.pickocc.org

Dominion East Ohio
1-800-362-7557
www.dom.com
Keyword: choice

# Natural Gas. The Choice Is Yours.


PER YOUR REQUEST

## Natural Gas. The Choice Is Yours.

### You've already made a smart choice!

You've chosen to learn more about your options for buying natural gas for your home.

People comparison shop for many things - including groceries, clothing, cars and appliances.

### Why not shop around for your natural gas?

The fact is, when it comes to your natural gas supplier, you DO have choices. This DVD can help you understand those choices better and make an informed decision about your natural gas supplier.

### A decision that's right for you... and, could result in lower natural gas prices!

**Please examine carefully!**

We will proceed with production of your order according to this proof. If you have any corrections, please mark proof appropriately and return materials that accompany the proof.
Once proof is approved, please sign on the area indicated and return so that we may proceed with your order.
If you have any questions or concerns, please call your Project Manager or Sales Representative.

☐ OK As Is - No Change: ________ Quality Control M__ P__ C__ S__ Q__

☐ Needs Corrections: ________

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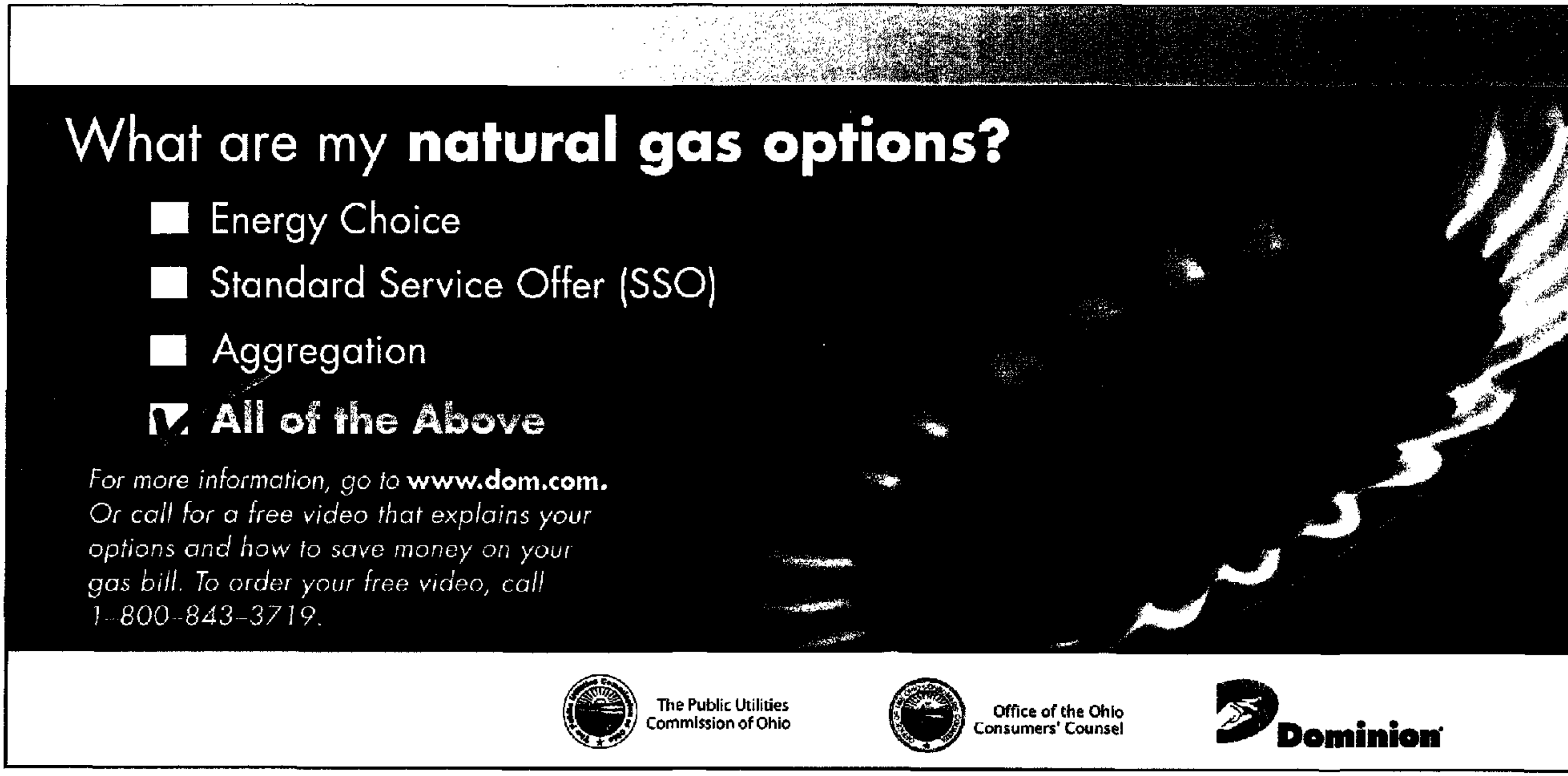

**...and a <u>free</u> video** *that tells you how you might save money on your gas bill is yours with just one phone call.*

# free is good...

Our free six-minute video *(viewable in English or en Español)* tells you about your different gas supply options, including Energy Choice, Aggregation and the Standard Service Offer (SSO). It even includes some energy-saving tips.

**To order** your free video *(available on DVD or VHS)*, call **1-800-843-3719,** or you can view it online at www.dom.com.

Natural Gas. *The Choice Is Yours.*

**Dominion**®

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*This video was created through the cooperative efforts of Dominion, the Public Utilities Commission of Ohio and the Office of the Ohio Consumers' Counsel.*

As a Dominion East Ohio customer, you have many important rights and responsibilities to ensure fair dealings between you and the company. These rights and responsibilities are afforded to you by the Ohio Minimum Gas Service Standards contained within Chapter 4901:1-13 of the Ohio Administrative Code. You may obtain a copy of the standards by calling the Public Utilities Commission of Ohio (PUCO) toll-free at 1-800-686-7826 or TDD/TTY toll-free at 1-800-686-1570, from 8:00 a.m. to 5:30 p.m. weekdays or visit *www.puco.ohio.gov.*

These rights and responsibilities include:

- Your right to a clear and concise bill
- Your right to check your Dominion East Ohio bill for accuracy
- Your right to fair credit and deposit policies
- Your responsibility to pay your bill
- Your right to question or disagree with Dominion East Ohio
- Your right to receive continuous Dominion East Ohio service if you meet your responsibilities
- Your responsibility to provide access to the gas meter

Dominion East Ohio has the responsibility to honor all of these rights, in addition to protecting customer privacy rights. You, the customer, have the responsibility to know your rights and obligations and to know how the company should provide you with service.

This pamphlet highlights questions you may have about Dominion East Ohio's meter reading, billing, credit, shut-off and dispute practices, as well as installation procedures, pipeline safety and responsibility.

**It all begins with a meter reading.** Dominion East Ohio has the responsibility to present you with a bill for your natural gas service once every billing period. This bill will be based on either a meter reading (according to the bi-monthly meter reading schedule for your service location) or an estimate.

*When meter readers and field service employees visit your residence to obtain a meter reading, they will carry photo identification, which you may ask to see for your protection. Please call the company immediately if you have questions about the identity of an employee.*

The meter is the property of Dominion East Ohio. You are legally prohibited from removing and/or tampering with the meter. You have the responsibility to keep the meter free from obstructions by restraining pets or by removing obstacles (for example, overgrown shrubs) that the meter reader might encounter at your residence. You have the responsibility to provide access to the meter. Not granting access to the meter could result in a loss of service.

Dominion East Ohio must read the gas meter at least once every 12 months. In addition:

- You may also request, without charge, two additional meter readings per calendar year if your natural gas use has been estimated for two bills in a row or if you have reason to believe that the meter is malfunctioning.
- You may request a meter reading prior to transferring service to an Energy Choice supplier or aggregator.
- If service is started or stopped and it has been more than 70 days since the last actual reading, the company must read the meter.
- You may request a special test of the gas meter. You or your representative has a right to witness the test. The test results will be provided in writing to you within 10 days of the test.

- o If the results of the test fall within acceptable limits as set by the Public Utilities Commission of Ohio, residential customers must pay a $40 fee and nonresidential customers a $100 fee. If the test results are outside of the acceptable limits, then the company will not charge a fee. Dominion East Ohio will also provide a properly functioning meter without charge to the customer.
- o Upon completion of the test, the company must credit the customer for any overcharges. The company may charge the customer for up to 12 months of unbilled gas use.

## Supply Your Own Meter Readings

At the top of your billing statement, Dominion East Ohio provides the next scheduled dates that our meter reader will be working in your area. Also at the top of the bill, you will find information about the dates and times that you can report a meter reading to avoid an estimated bill during the months we do not read your meter or in case our meter reader is unable to access the meter. To report a reading, your options include:

1. **Report your meter reading on the Internet.**
   To enter a meter reading online, follow these steps:
   *Step 1:* Go to ***www.dom.com*** and click on *Manage Your Account.*
   *Step 2:* **Sign in** (if you're already a registered user) or **Register** (if it's your first visit).
   *Step 3:* Select your account from the *Enrolled Accounts* list (or enroll your account if needed).
   *Step 4:* Click on *Enter a meter reading* and follow the online instructions.
2. Use our 24-hour automated messaging system to report your reading by calling toll-free 1-800-362-7557.

## When Do You Estimate My Bill?

In those months when your gas meter is not scheduled to be read, Dominion East Ohio estimates your bill. Your bill may also be estimated when extreme weather conditions, emergencies, strikes, or other circumstances prevent the company from taking a meter reading. The estimate is based on previous usage history (past meter readings) at your location.

Designed and printed courtesy of Dominion. © 2007

Another time your bill may be estimated is when the meter reader cannot gain access to your meter. When this happens, the company still has a responsibility to take an actual meter reading every 12 months. You have the responsibility to make arrangements for meter readings if the meter is in a locked place. If your bill has been estimated for several months, your actual bill may be more or less than the estimated bills according to the reading obtained.

If you think that your bill is wrong, you can check it in *the following way:*

**Read** your meter if you question the amount of gas you have used. But remember that your usage will have increased between the time Dominion East Ohio read your meter and when you take the reading. For this reason, your reading may be somewhat higher than the reading listed on your bill.

**Compare** the bill to the one you received at the same time last year to see if there is any change in your usage. Remember to compare differences in usage rather than differences in the total dollar amount of the bills since changes in rates could cause an increase. Your bill may have a bar chart that shows your usage for the past 13 months. You should consider severe weather conditions and changes in living habits (such as additions to your house, a new appliance, additional family members, or more time spent at home) that could increase the amount of your usage. You have a right to request usage history on your account for up to 36 months.

**Contact** Dominion East Ohio with any additional questions about your bill.

Bill comparison information, rate information and alternative rate schedules, copies of bills, statement of account and usage history can be obtained online at *www.dom.com* or by calling 1-800-362-7557.

**Billing Errors & Adjusted Bills**

Sometimes billing errors do occur. These mistakes could be caused by a Dominion East Ohio billing error, equipment failure or our inability to gain access to the meter to read it, resulting in a number of low or high estimated bills. When this happens, Dominion East Ohio must refund or credit your account with any over-collected amounts. Likewise, if you have used more gas than the amount you were billed, you must pay the additional charge to Dominion East Ohio. However, the company must offer you a reasonable payment agreement for the additional amount owed. You do not have to pay this amount in a lump sum; rather, you can pay it back over 12 months.

In cases where we are unable to access the meter, the company will continue to make attempts to read it. However, your actions that prevent us from reading the meter could result in large billing adjustments that require you to pay large sums for gas used but not billed and/or properly metered.

**Energy Choice and Aggregation Programs**

Dominion East Ohio offers *Energy Choice*, a program that provides potential savings, as well as expanded energy options, to eligible customers. It allows customers to buy natural gas from another supplier, or continue to buy gas from Dominion East Ohio. Regardless of the customer's choice, Dominion East Ohio continues to deliver the gas and provide quality customer service – just as it does today. Some suppliers permit their customers to transfer their natural gas supply agreement to a new location when they move. Customers should check with their supplier to learn if this option is available to them.

To participate in *Energy Choice*, you must be current on your account or have not broken a payment plan more than once in the last 12 months. If you're current on your *Budget Billing* plan, you may enroll in *Energy Choice* as well. When you enroll in *Energy Choice*, it will take up to 60 days before you will see your new supplier's charges on your bill. Before Dominion East Ohio changes your supplier, however, the company will send you a confirmation letter. You then have until the stated deadline to rescind the supplier change.

Today, most of our customers purchase their natural gas supply from one of the many suppliers participating in the program. Many customers may even be able to buy natural gas as part of a buying group sponsored by their local government.

In Ohio, buying natural gas in such a group is called *Governmental Aggregation*. To aggregate, cities, counties and townships can form buying groups and choose an outside supplier for all members in the group.

Not every gas customer in a locality has to participate in an aggregated group. The law allows individuals to either "opt-out" or "opt-in," depending on the group.

*Percentage of Income Payment Plan (PIPP)* and *PIPP Repayment Plan* customers are unable to participate in *Energy Choice*. They receive their natural gas at Dominion East Ohio's *Standard Service Offer* rate.

The *Public Utilities Commission of Ohio (PUCO)* must certify suppliers and governmental aggregators. PUCO certification means the supplier or aggregator has met the PUCO's requirements for doing business in Ohio. Therefore, customers can participate with confidence.

Customers who have questions about their community's aggregation plans can call their local government office.

For more information about the *Energy Choice* program, you can call the PUCO's Consumer Hotline at 1-800-686-PUCO (7826) or visit the PUCO Web site at *www.puco.ohio.gov*. To receive free information by mail, such as an "Apples to Apples" chart that compares suppliers' offers, you can call the Public Utilities Commission of Ohio's toll-free Gas Choice Infoline at 1-800-299-7271, or visit its Web site.

Another source of information for residential customers is the Ohio Consumers' Counsel (OCC) at 1-877-PICKOCC (1-877-742-5622), or visit its Web site at *www.pickocc.org*. The OCC can provide price comparison information as well. Customers can contact Dominion East Ohio, the PUCO or OCC if they suspect a supplier has enrolled them without their authorization.

### Separate Charges

Dominion East Ohio may charge for a non-basic service on your gas bill. However, the company must present this charge clearly and separately on your bill. Some examples of these non-basic charges are: meter testing fees, line extension costs, and special construction or repair charges. You may also be charged a fee if you are turned off for not allowing the company to access the meter.

### Budget Billing - Plan Your Expenses

You have the right to request budget billing from Dominion East Ohio. *Budget Billing* is an agreement you make with the company to have your bills averaged throughout the year. The company will periodically review and adjust the amount of your budget bill based on your usage and the price you're paying for natural gas. You will be billed for approximately the same amount each month even though your usage may vary from season to season. You can join at any time, providing that you do not have any past-due charges.

The *Budget Billing* program may make it easier for you to plan your natural gas expenses. For more information about budget billing, visit *www.dom.com* or call the company.

### If You Move

If you plan to move, you have the responsibility to notify Dominion East Ohio at least seven days before your moving date. You also have the responsibility of giving the company access to your meter for a final reading and shut-off. If you fail to do either of these things, you may have to pay for service at your old address even after you move.

### If You'll Be Away From Home

If you plan to be away from home for a long period of time, you have the responsibility to make arrangements for paying your bills and for granting company representatives access to metering equipment. Remember, your Dominion East Ohio service continues even while you are away and you will be billed during your absence. Your failure to make arrangements for payment of these bills could result in the shut-off (termination) of your service.

**Third-Party Notification – Extra Protection**

The *Third-Party Notification* program provides additional protection against Dominion East Ohio service shut-off. This program protects individuals who may either be away from home for an extended time period or those who may not understand the company's practices.

The *Third-Party Notification* program allows you to choose another person to receive copies of shut-off notices that are sent to you for nonpayment of overdue Dominion East Ohio bills.

By filling out a form, you can instruct Dominion East Ohio to send these notices to a third party that you choose. In this way, another individual (e.g., family member or close friend) is made aware of an important problem. Perhaps this person can provide you with advice or assistance. This third party does not have the responsibility for paying your bills!

You may obtain forms and further information concerning this program by visiting the company's Web site at *www.dom.com* or by calling the company.

**Landlord and Tenant Information**
*Tenants –*

*For Those Served by a Master Meter* **(a meter serving more than one unit or a common area)** *and Service is in Your Landlord's Name*

If your landlord either fails to pay Dominion East Ohio bills for your residence or instructs Dominion East Ohio to shut off your service, you must be notified by Dominion East Ohio in writing. A notice is posted at the service address that states that the tenant, within 10 days of the notice or 14 days after service was shut off, may act as a representative or have another tenant act as a representative to resolve the issue. This representative may then collect from the tenants the amount owed by the landlord on his current bill while continuing to pay rent, or notify the landlord that you intend to pay your rent to the court (escrow your rent).

This option is not available if your landlord gave you written notice when you moved in that he or she owns fewer than four dwelling units.

***Landlords –***

You do have the right to request that Dominion East Ohio place the service in your name automatically whenever a tenant requests a turnoff of service. This option does not apply if service is turned off for nonpayment. Landlords can also request to receive notice any time the tenant's service is turned off, regardless of the reason.

When a tenant requests that the company turn off gas service, Dominion East Ohio will make every effort to do so. However, if the company cannot access the meter to turn it off and the tenant moves out, Dominion East Ohio will notify the landlord that it needs access to the meter. If access is not granted, all future gas use will be billed to the landlord after the landlord has been properly notified of the change.

**When to Pay**

You have a responsibility to pay the bill by the due date. After the bill is mailed to you, you have 14 days to pay it. (For Dominion West Ohio Gas division customers: If you do not pay the bill by the due date, you may be charged a late fee on the unpaid overdue balance.)

**Where to Pay**

***Dominion East Ohio offers a variety of options to make paying your bill quick and easy.***

• **Dominion eBill.** Enroll in eBill at *www.dom.com* and make your payment from your bank account. Once you enroll in this free service, you may view and pay your monthly Dominion bill online.

• **Bank Draft.** Never write another check. Your bill payment is automatically deducted from your bank account. This is a free program. To enroll or obtain an application, visit *www.dom.com* or call the company.

• **Credit/Debit Card or Electronic Check.** When you need to make a payment right now, you can do so by phone at 1-800-573-1153 or at *www.dom.com.* Fees apply.

• **MyCheckFree.com.** View and pay your bill with CheckFree™. Enroll at *MyCheckFree.com* or a participating provider's Web site. Providers may charge fees for this service.

• **Authorized Payment Centers.** When you want to make a payment in person, you can visit an authorized payment center. Some locations offer evening and weekend hours. The payment agents may charge a fee of up to two times the cost of a first-class postage stamp per transaction. For payment locations, visit *www.dom.com* or call Dominion East Ohio.

• **U. S. Mail.** Mail Dominion East Ohio a check or money order. Please include your account number on your check for quick processing. If you choose to mail your payment, Dominion East Ohio and its depository bank may not return the original check. However, you can request an imaged copy of your check.

As the customer of record, you are responsible for:

- payment of services rendered;
- granting Dominion access to company equipment located at your service address;
- starting or stopping service.

We safeguard your personal information. For your protection, you can conduct transactions once you provide your account number and the last 4 digits of your Social Security number, or a security password, if you establish one. Of course, at your option, you can provide your complete Social Security number, your name and service address. Likewise, a co-applicant (another individual who has agreed to be jointly responsible for payment) can conduct full business transactions on your account.

Other people, including your spouse or adult child, can conduct limited business on your account, if they can provide your account number, your full name, and service address. This limited business would include your current bill amount, notice amount and due date. They can also request a short-term extension or a medical certificate. To perform transactions as an accountholder, this person would need a valid Power of Attorney.

**Security Deposits**

*Deposit decisions are based only on your individual credit record.*

If you are a new customer, the company may check your credit history and level of credit risk. New customers may be required to pay a security deposit if you have not established a credit rating or you are in bankruptcy.

Dominion East Ohio may require a security deposit from you as a former or existing customer if:

- You have unpaid final balances from past accounts.
- You have not established good credit history and have more than one disconnection notice for nonpayment within the past 12 months.
- You had service turned off for nonpayment.
- You are in bankruptcy.
- You have been involved with unauthorized use of gas, theft of service or meter tampering.
- You have not paid your bills on time. That is, you have been late in paying two bills in a row or three or more bills in the last year.
- You have failed to make payments according to a payment schedule set up to pay past-due bills.
- Your service has been shut off because of unpaid bills.

Security deposits are billed in one installment. When gas service is off, you must pay the deposit up front, along with any outstanding debt, before service is turned on. If you fail to maintain a good payment record, the company may request an additional security deposit amount.

Security deposits for customers are set at 1.3 times the current budget amount. Security deposits are applied to account balances following one year of timely consecutive payments, in addition to 3% interest. The minimum security deposit amount is $20. Commercial security deposits may be applied to account balances following two years of timely consecutive payments, in addition to 3% interest. The minimum commercial security deposit is $200.

In addition, before providing service, Dominion East Ohio may require that you pay any past-due balances you owe it from the last six years.

When applying for service at a location where there is an unpaid balance owed to Dominion, even if you were not the customer of record when the unpaid bills accumulated, if you resided at the premise during that time, Dominion East Ohio may refuse to provide service to you until those bills are paid if both you and the former customer of record continue to reside at that location.

If you are a **Percentage of Income Payment Plan (PIPP)** customer, you will not be required to pay a security deposit unless you have been involved with unauthorized use of gas, theft of service or meter tampering.

**Supplying a Third-Party Guarantor.** Instead of paying a cash deposit, residential customers can have another credit-worthy customer sign a form guaranteeing that your bills will be paid. This person need not be a Dominion East Ohio customer; however, a consumer report from a consumer credit reporting agency may be obtained to determine a person's creditworthiness. Upon Dominion East Ohio's approval of a guarantor, this person will then become responsible for paying the default amount which will not be more than the amount of the bill for 60 days of service or two monthly bills.

Contact Dominion East Ohio as soon as you get a delinquent notice. The sooner you call, the more opportunities there are to help you. We can discuss a variety of special payment plans and other payment assistance options. Here are a few:

**Medical Emergencies**
A medical certification delays a shutoff for 30 days when it would be especially dangerous to the health of a permanent member of your household. It allows you time to get financial help or make payment arrangements. It does not reduce the amount you owe. You can get a medical certification form by calling Dominion East Ohio. A licensed physician, physician assistant, clinical nurse specialist, certified nurse practitioner, certified nurse, mid-wife or local board

of health physician must sign the form. You can apply by phone, provided that Dominion East Ohio receives the written notification within seven days. If gas service is off, return the signed form within 21 days to restore service. Be sure to give your health care provider permission to release your medical information to us. The total certification period cannot exceed 90 days per household in any 12-month period.

**EnergyShare**
Sponsored by Dominion East Ohio, the *EnergyShare* program is designed to help needy individuals and families pay any type of winter heating bill–natural gas, wood, oil, kerosene or electricity. Contact your local Salvation Army office to apply.

**Housewarming Program**
Funded by Dominion East Ohio, the *Housewarming Program* provides weatherization assistance to help eligible customers reduce their energy usage. For information, call 1-888-377-3774.

**Percentage of Income Payment Plan (PIPP)***
PIPP helps eligible low-income customers maintain gas service by paying 10 percent of their total monthly household income all year. You can apply for PIPP by calling the company or by visiting a local community action agency. If you're no longer income-eligible for PIPP or if you voluntarily leave the program, the *PIPP Repayment Program* can help you gradually pay off your total overdue amount.

**Home Energy Assistance Program (HEAP)***
Available to qualified low-income customers, HEAP is a government program that provides a credit for your heating bill. Although HEAP pays part of your gas bill, it is not a guarantee against shutoff. The filing deadline is usually March 31.

**Emergency HEAP***
E-HEAP provides an emergency payment once each heating season to qualified low-income customers to help them avoid a shutoff or restore gas service.

**Weatherization Assistance***
Eligible customers may also receive weatherization assistance from the Ohio Department of Development. This federally funded program provides grants for weatherization

repairs. For details, call us at 1-800-362-7557 or the Ohio HEAP office at 1-800-282-0880.

***NOTE:** You can apply for PIPP, HEAP, *Emergency* HEAP and *Weatherization Assistance* on a combined application. The form is available at post offices, libraries, by calling the Ohio HEAP office at 1-800-282-0880, or by downloading the application from the ODOD Web site at *http://www.odod.state.oh.us/cdd/ocs/heap.htm.*

Yes. The company can shut off service for nonpayment, theft of service, tampering, safety violations and for denying company representatives access to company equipment. *If you have difficulty in paying your bills or if you are not* making payments for any other reason, contact Dominion East Ohio as soon as possible. By notifying the company immediately, you may avoid shut-off of your service. Also, company representatives must have clear access to metering equipment. The following information concerns both your rights and responsibilities regarding service shut-off.

### Payment Plans

A payment plan is an agreement you reach with Dominion East Ohio to make reasonable payments over a period of time for the amount of money that you owe.

If you are a residential customer who is not on the *Percentage of Income Payment Plan* (PIPP), you may take advantage of the *Current-Plus Plan*. You may decide how many months - up to six - it will take you to pay off your balance. The company then divides the current account balance by the number of months you selected and adds that amount to your current monthly payment.

If you join this or any other payment plan, you must make the required payments in full and on time. If you fail to do so and are shut off, you must pay the plan arrears, possibly a new or additional security deposit amount and a reconnection fee to restore service. (The only exceptions are for PIPP customers, who do not pay a security deposit, or for customers who move to a new location and have finaled their previous account. They do not pay a reconnection fee.)

Another payment plan option, available during the winter heating season (usually November 1 through April 15), is the *One-Third Payment Option*. With this plan, you must pay one-third of your total account balance each month in order to avoid being shut off for nonpayment.

Dominion East Ohio can shut off your service Monday through Friday for any of the reasons shown below.

- Nonpayment of a bill for service, nonpayment of a payment agreement, nonpayment of a security deposit, or a returned check used to avoid a shut-off.
- Tampering with company meters or other company property, or stealing Dominion East Ohio service.
- False statement or fraud in obtaining your Dominion East Ohio service.
- Failing to provide access for company employees to read your meter or to check company equipment.
- Violations of rules, approved by the PUCO, which may cause harm to individuals or damage to Dominion East Ohio company equipment.

*Dominion East Ohio cannot shut off your service:*

- On a Saturday, Sunday, holiday, after 12:30 p.m. on the day before a holiday or any day Dominion East Ohio is closed
- For nonpayment of bills more than six years old (excluding PIPP amounts)
- For nonpayment of bills for either merchandise or service work
- For nonpayment of bills in someone else's name, unless your name was on the lease, mortgage or deed of the affected property

**Winter Terminations**
Your Dominion East Ohio service can be shut off during winter months (typically on or before November 1 through April 15) if you fail to meet your payment and other obligations to the company. Each Fall, the Public Utility Commission of Ohio issues special winter reconnection rules that provide additional customer protections during the winter heating season, including an additional 10-day notice required before service is terminated for nonpayment. Those rules are issued before November 1 and can be found at the Public Utilities Commission of Ohio's Web site at *www.puco.ohio.gov.*

**The Shut-Off (Termination) Process**
Shut-off or termination of Dominion East Ohio service is a very serious matter. Paying current Dominion East Ohio bills or keeping up with payment agreements can help you to avoid a shut-off. It is important to contact Dominion East Ohio as soon as you receive a notice about an overdue bill. Notices may include bill reminders, letters, phone calls and shut-off notices left at your door.

Before shutting off service for nonpayment, Dominion East Ohio will include a shut-off notice on your bill, which provides you 14 days to make the required payment. During the winter heating season (typically November 1 through April 15), Dominion East Ohio will also provide an extra 10-day notice by phone before shutting off service.

Dominion East Ohio has programs that can help low-income households pay their bills. The company will try to make a payment agreement with you if you have not defaulted on a prior arrangement so that you can pay what you owe and avoid the shut-off.

The company may charge a reconnection fee to restore your Dominion East Ohio service. At the same time, it may also require you to pay a security deposit.

If your service is shut off and you want service reconnected the same day that you make your payment, you must provide proof of payment, and notify the company no later than 12:30 p.m. that reconnection of service is requested the same day.

**Installation of Service**

When you need to establish new natural gas service, contact Dominion East Ohio. The company will tell you what steps you must take to set up service. Be sure to call two to four weeks before you would like natural gas service to begin, to allow for any construction work or inspections to be completed in time for the service to be ready when you need it. Dominion East Ohio will typically install your service within five business days if no new construction is required and within 20 business days if your residence requires the installation of a new service line or meter.

Dominion East Ohio will notify you if the installation is expected to take longer than the usual five or 20 days. The company will explain the reasons for the delay, the steps being taken to complete the work and the date the installation will be complete.

**What Pipelines Do You Own?**

You own the service line that typically runs from the property line to the meter. If your line needs service, the contractor must be qualified under DOT regulations and be part of a DOT approved drug and alcohol program. You also own the house line that runs from the meter to your appliances. The cost of repair or replacement of both the service and house lines are the responsibility of you or the property owner. You can find more information on qualifications at *www.dom.com* by entering "installer" in the search box.

**What Pipelines Does the Gas Company Own?**

We own the main line that runs down your street. We also own a short service line (located near the street) that connects our pipeline to your service line. Repair or replacement of the main line and our service line is our responsibility.

**Who Checks the Gas Piping?**

For your safety, we make periodic leakage inspections on your service line. We check from our main line to the meter or to the wall of your house (whichever is further). We also check the meter. You are responsible to maintain your piping, both internal and external, buried or exposed. If you do not maintain the buried piping, it may be subject to the potential hazards of corrosion and leakage.

### What Happens If the Gas Company Finds a Leak in My Pipeline?

If we find a leak or other unsafe condition in your pipeline, we will shut off that section of the piping. If you are not at home, we will shut off that section of the piping and leave a tag on your door with an explanation of what the problem is and our phone number. You must arrange to have the unsafe condition corrected by a qualified individual and pay for the costs. (Please refer to *www.dom.com* and enter "installer" in the search box for qualification information.)

For your safety, do not turn the gas back on. If you had your service line replaced or repaired, we will inspect the repairs and restore your service. If only your house line required repair, you will see a yellow Dominion tag at your meter. Your installer can relight your appliances after the repair is complete.

### Can I Replace the Pipeline Myself?

No.

### Should My Contractor or I Call Before Digging?

Yes. At least two business days prior to any excavation, you or your contractor should call, toll-free, the Ohio Utility Protection Service (OUPS) at 1-800-362-2764 to have any underground facilities located. This organization will contact us and other member utilities of your plans to dig, then ask the utilities to mark any underground pipes or cables at your location. They'll also tell you about any other companies that you must notify before you begin digging. This is a free service.

Your contractor should perform any excavation near buried gas pipelines by hand. Remember, you must use a contractor qualified under DOT regulations to make the repair.

If you ever find utility flags in the ground, whether on your property or not - please don't move them. The flags mark underground lines nearby.

### Do I Own the Meter?

We own and maintain the meter. It is your responsibility to keep the meter clear at all times. Because our employees need access to the meter, we ask that you keep shrubbery around any outside meters trimmed. And during the winter, please keep the meter clear of snow and ice.

**Who Should I Call If I Detect an Odor of Gas, Gas Fumes or Gas Leakage?**
You should always notify us of any suspected hazardous situations, including but not limited to those involving an unexplained odor of gas. Dominion East Ohio's 24-hour emergency phone number is 1-877-542-2630.

## What If You Disagree With Dominion East Ohio?

If you have a billing or service problem, please call Dominion East Ohio first. You have the right to question any billing or service action that the company takes. You should tell the company of the problem as soon as it occurs. The company will provide a status report within three business days of the date of the receipt of a complaint. If an investigation is not completed within 10 business days, the company will provide status reports to update you either orally or in writing, at five-business-day intervals, unless otherwise agreed to, until the investigation is complete.

If your complaint is not resolved after you have called Dominion East Ohio (or your *Energy Choice* supplier or governmental aggregator) you may call the Public Utilities Commission of Ohio (PUCO), toll-free at 1-800-686-7826 or for TDD/TTY toll-free at 1-800-686-1570, from 8:00 a.m. to 5:00 p.m. weekdays, or visit *www.puco.ohio.gov.*

Residential customers may also call the Ohio Consumers' Counsel toll-free at 1-877-742-5622, from 8:00 a.m. to 5:00 p.m. weekdays, or visit *www.pickocc.org.*

**What About Additional Information Concerning Your Dominion East Ohio Service?**
This booklet was prepared as a summary of the rights and responsibilities you have as a Dominion East Ohio cus-tomer based on the Public Utilities Commission of Ohio Minimum Gas Service Standards. If you still have questions about your Dominion East Ohio service, please call the company. It can provide you with additional information, or you can visit the company's Web site at *www.dom.com.*

Dominion East Ohio
P.O. Box 5759
Cleveland, OH 44101-0759

Dominion®

**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|---|---|---|
| **In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services from Chapters 4905, 4909, and 4935 Except Sections 4905.10, 4935.01, and 4935.03, and from Specified Sections of Chapter 4933 of the Revised Code.** | ) | **Case No. 07-1224-GA-EXM** |

## APPENDIX C

## ALTERNATIVE PROVIDER LISTING AND DATA REGARDING PARTICIPATION AND COMPETITION WITHIN THE ENERGY CHOICE PROGRAM

### CONTENTS

- Energy Choice Marketer Listing
- Traditional Transportation Service Marketer Listing
- Energy Choice Participation and Competition Data*

*** Key to field descriptions***

Account type (Acct Type)

- Res — Residential
- Non-Res — Non-Residential

Program

- Choice — Energy Choice
- Govt Ag — Governmental Aggregation

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Dominion East Ohio Energy Choice

- Energy Choice Home
- Video: *Natural Gas. The Choice is Yours.*
- Latest SSO News
- Sign-Up Information
- Approved Energy Suppliers
- Eligible Customer Information
- Supplier Contract Renewal
- Natural Gas Deregulation
- Dominion East Ohio Home
- Contact Us

# Energy Choice Marketers

| Participating Energy Choice Marketers | Residential Phone Numbers | Commercial/Industrial Phone Numbers |
|---|---|---|
| Commerce Energy of Ohio, Inc. | 1-877-226-5371 | 1-877-226-5371 |
| Direct Energy, LLC. | 1-888-566-9988 | 1-888-566-9988 |
| Dominion East Ohio Energy | 1-800-990-4090 | 1-866-843-3231 |
| ECONnergy Energy Company | 1-877-89ENERGY (1-877-893-6374) | 1-877-89ENERGY (1-877-893-6374) |
| Energy Cooperative of Ohio *(Commercial customers only) | n/a | 1-888-541-4646 |
| Exelon Energy Ohio, Inc. | 1-888-886-8771 | 1-888-886-8771 |
| Hess Corporation *(Commercial customers only) | n/a | 1-412-494-7200 |
| Interstate Gas Supply, Inc. | 1-877-444-7427 | 1-877-444-7427 |
| Lakeshore Energy Services, LLC | 1-888-200-3788 | 1-888-200-3788 |
| Metromedia Energy, Inc. | 1-800-828-9427 | 1-800-828-9427 |
| MXenergy | 1-800-785-4373 | 1-800-785-4373 |
| Ohio Natural Gas | n/a | 1-888-4ONG-GAS (1-888-466-4427) |
| Peoples Energy Services | 1-866-273-5469 | 1-866-273-5469 |
| UGI Energy Services, Inc. dba GASMARK *(Commercial customers only) | n/a | 1-800-490-5330 |
| Vectren Source | 1-866-306-8135 | 1-866-306-8135 |
| Volunteer Energy Services, Inc. | 1-800-977-VESI (1-800-977-8374) | 1-800-977-VESI (1-800-977-8374) |
| Integrys Energy Services, Inc. | 1-888-367-4493 | 1-888-367-4493 |

| Marketer | Address | Operating Area |
|---|---|---|
| Atmos Energy Marketing | 11251 Northwest Freeway, Suite 400<br>Houston, TX 77092<br>713-688-7771 | East Ohio<br>West Ohio |
| Border Energy, Inc. | 9787 Fairway Drive<br>Powell, OH 43065<br>614-792-3535 | East Ohio |
| BP Canada Energy Marketing, Inc. | 300 E. Front St., Suite 440<br>Traverse City, MI 49684<br>231-922-1112 | East Ohio<br>West Ohio |
| Commerce Energy of Ohio, Inc. | 32991 Hamilton Court<br>Farmington, MI 48334<br>877-226-5371 | East Ohio |
| Compass Energy | 1313 E. Main St., Suite 240<br>Richmond, VA 23219<br>866-867-8328 ext: 13 | East Ohio |
| Constellation Energy Commodities Group, Inc. | 500 Dallas, Suite 3300<br>Houston, TX 77002<br>713-369-4600 | East Ohio |
| Constellation NewEnergy - Gas Division | 9960 Corporate Campus Drive, Suite 2000<br>Louisville, KY 40223<br>502-426-4500 | East Ohio<br>West Ohio |
| Coral Energy Services, Inc. | 7575 Tyler Boulevard, Suite A21<br>Mentor, OH 44060<br>440-946-4715 | East Ohio<br>West Ohio |
| Crown Energy Services, Inc. | P.O. Box 260<br>West Seneca, NY 14224<br>716-675-3275 | East Ohio |
| Delta Energy, LLC | P.O. Box 2219<br>Columbus, OH 43216<br>614-790-4000 | East Ohio<br>West Ohio |
| Direct Energy Services, LLC | 5650 Blazer Parkway, Suite 100<br>Dublin, OH 43017<br>800-459-6458 | East Ohio<br>West Ohio |
| Dominion East Ohio Energy/<br>Dominion Retail Services | 120 Tredegar Street<br>Richmond, VA 23219<br>800-990-4090 | East Ohio |
| Dominion Field Services, Inc. | 2539 Washington Road, Suite 1010<br>Upper St. Clair, PA 15241-2500<br>412-854-5010 | East Ohio |
| Energy Cooperative of Ohio | 60 Hill Road South<br>Pickerington, OH 43147<br>888-541-4646 | East Ohio |
| Energy USA - TPC Corp. | 1500 165th Street, CISC Bldg.<br>Hammond, IN 46324-2817<br>800-531-1193 | East Ohio<br>West Ohio |
| Exelon Energy Ohio, Inc. | 470 Olde Worthington Road, Suite 375<br>Westerville, OH 43082<br>800-860-2764 | East Ohio<br>West Ohio |
| Gasearch, LLC | 2761 Salt Springs Road<br>Youngstown, OH 44509<br>330-792-9524 | East Ohio |

| | | |
|---|---|---|
| Great Plains Exploration, LLC | 8500 Station Street, Suite 100<br>Mentor, OH 44060<br>440-974-5120 | East Ohio |
| Hess Corporation | 2000 Cliff Mine Rd, Suite 420<br>Pittsburgh, PA 15275<br>800-HESSUSA (437-7872) | East Ohio<br>West Ohio |
| Integrys Energy Services, Inc. | 6797 North High Street, Suite 314<br>Worthington, OH 43085<br>888-367-4493 | East Ohio<br>West Ohio |
| Interstate Gas Supply, Inc. | 5020 Bradenton Avenue<br>Dublin, OH 43017<br>800-280-4474 | East Ohio<br>West Ohio |
| JDS Energy Systems, Inc. | 7033 Mill Road<br>Brecksville, OH 44141<br>440-838-5135 | East Ohio |
| Knox Energy, Inc. | 11872 Worthington Road<br>Pataskala, OH 43062<br>740-927-6731 | East Ohio |
| Lakeshore Energy Services, LLC | 15930 19 Mile Road, Suite 150<br>Clinton Township, MI 48038<br>734-416-9900 | East Ohio |
| LepCorp of Ohio | 60 Hill Road South<br>Pickerington, OH 43147<br>716-842-7440 | East Ohio |
| M&B Gas Services, Inc. | P.O. Box 377<br>Frazeysburg, OH 43822<br>740-828-2892 | East Ohio |
| Metromedia Energy, Inc. | 6 Industrial Way, Suite F<br>Eatontown, NJ 07724<br>800-828-9427 | East Ohio |
| MOGO Energy Company, LLC | 28345 Beck Road, Suite 307<br>Wixom, MI 48393<br>248-348-6646 | East Ohio |
| MXEnergy, Inc. | 510 Thornall Street, Suite 270<br>Edison, NJ 08837-2207<br>800-785-4373 | East Ohio |
| Noble Gas Marketing, Inc. | 100 Glenborough Street, Suite 100<br>Houston, TX 77067<br>281-876-8832 | East Ohio |
| North Coast Energy, Inc. | One GOJO Plaza, Suite 325<br>Akron, OH 44311-1057<br>330-572-8432 | East Ohio |
| Power Resources Operating Co., Inc. | 4051 Whipple Avenue, N.W.<br>Canton, OH 44718<br>800-743-5736 | East Ohio |
| Proliance Energy, LLC | 111 Monument Circle, Suite 2200<br>Indianapolis, IN 46204<br>317-231-6800 | East Ohio<br>West Ohio |

| | | |
|---|---|---|
| Sempra Energy Trading | One Greenwich Plaza<br>Greenwich, CT 06830<br>203-355-5157 | East Ohio |
| Shangas Marketing, Inc. | 36829 T.H. 2067<br>Jerusalem, OH 43747<br>740-472-1018 | East Ohio |
| Sprague Energy Corp. | 212 State Street<br>Belle Vernon, PA 15012<br>724-929-3630 | East Ohio |
| Stand Energy Corporation | 1077 Celestial Street<br>Rookwood Bldg., Suite 110<br>Cincinnati, OH 45202<br>513-621-1113 | East Ohio<br>West Ohio |
| Tiger Natural Gas, Inc. | 1-G West 41st Street<br>Sand Springs, OK 74063<br>412-851-2421 | East Ohio |
| UGI Energy Services, Inc.<br>dba Gasmark | 1167 Blanchester<br>Lyndhurst, OH 44124<br>440-461-3523 | East Ohio |
| Virginia Power Energy Marketing | 120 Tredegar Street<br>Richmond, VA 23219 | East Ohio<br>West Ohio |
| Volunteer Energy Services, Inc. | 60 Hill Road South<br>Pickerington, OH 43147<br>800-977-8374 | East Ohio<br>West Ohio |

Dominion East Ohio
Energy Choice Stats

12/4/2007

| Reference | Acct Type | Program | 10/2006 | 11/2006 | 12/2006 | 01/2007 | 02/2007 | 03/2007 | 04/2007 | 05/2007 | 06/2007 | 07/2007 | 08/2007 | 09/2007 | 10/2007 | 11/2007 | 12/2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | Res | Choice | 188,216 | 184,905 | 189,445 | 189,180 | 185,959 | 182,955 | 181,339 | 179,643 | 178,484 | 176,536 | 174,297 | 173,312 | 182,695 | 183,079 | 174,508 |
| B | Res | Choice | 95,790 | 96,274 | 104,403 | 111,017 | 114,196 | 119,646 | 121,022 | 122,319 | 121,374 | 123,418 | 124,452 | 123,296 | 120,292 | 126,165 | 134,359 |
| C | Res | Choice | 69,631 | 67,132 | 61,589 | 58,528 | 58,672 | 57,587 | 56,586 | 55,589 | 55,296 | 54,397 | 53,129 | 52,058 | 49,558 | 48,506 | 46,819 |
| D | Res | Choice | 39,723 | 42,755 | 43,833 | 43,474 | 43,447 | 43,266 | 43,176 | 43,349 | 43,954 | 43,683 | 43,323 | 43,190 | 42,980 | 43,288 | 44,031 |
| E | Res | Choice | 40,735 | 40,011 | 39,005 | 39,389 | 40,007 | 39,111 | 38,593 | 37,739 | 37,262 | 37,374 | 39,582 | 38,932 | 37,267 | 38,548 | 42,189 |
| F | Res | Choice | 26,094 | 24,317 | 24,961 | 24,441 | 24,183 | 23,793 | 23,813 | 23,829 | 24,277 | 24,202 | 23,881 | 24,170 | 25,074 | 24,675 | 26,007 |
| G | Res | Choice | 1,249 | 1,253 | 1,207 | 1,184 | 1,163 | 1,160 | 1,142 | 1,132 | 1,131 | 1,153 | 1,133 | 1,127 | 1,115 | 1,096 | 1,086 |
| H | Res | Choice | 11,139 | 11,712 | 13,156 | 13,030 | 12,831 | 12,594 | 12,223 | 11,887 | 11,896 | 11,452 | 11,006 | 10,732 | 10,111 | 9,611 | 9,321 |
| I | Res | Choice | 2,189 | 2,381 | 2,351 | 2,498 | 2,503 | 2,484 | 2,486 | 2,474 | 2,465 | 2,464 | 2,452 | 2,434 | 2,427 | 2,395 | 2,399 |
| J | Res | Choice | 15 | 17 | 16 | 16 | 16 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 16 | 9 | 9 |
| K | Res | Choice | 30 | 21 | 21 | 20 | 21 | 24 | 27 | 29 | 42 | 48 | 60 | 89 | 111 | 144 | 173 |
| L | Res | Choice | 82 | 93 | 107 | 219 | 218 | 220 | 215 | 225 | 221 | 221 | 222 | 224 | 253 | 283 | 285 |
| M | Res | Choice | 60 | 59 | 60 | 59 | 61 | 61 | 61 | 61 | 60 | 60 | 60 | 60 | 60 | 57 | 56 |
| N | Res | Choice | 129 | 129 | 119 | 116 | 115 | 115 | 115 | 115 | 114 | 114 | 114 | 112 | 108 | 104 | 102 |
| O | Res | Choice | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| P | Res | Choice | 756 | 793 | 713 | 739 | 758 | 787 | 765 | 735 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | Res | Choice | 0 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| R | Res | Choice | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 |
| | | | 475,838 | 471,855 | 480,989 | 483,913 | 484,153 | 483,823 | 481,583 | 479,146 | 476,596 | 475,142 | 473,731 | 469,756 | 472,070 | 477,964 | 481,349 |

Dominion East Ohio
Energy Choice Stats

12/4/2007

| Reference | Acct Type | Program | 10/2006 | 11/2006 | 12/2006 | 01/2007 | 02/2007 | 03/2007 | 04/2007 | 05/2007 | 06/2007 | 07/2007 | 08/2007 | 09/2007 | 10/2007 | 11/2007 | 12/2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | Non-Res | Choice | 8,404 | 8,319 | 8,279 | 8,209 | 8,108 | 7,978 | 7,860 | 7,777 | 7,682 | 7,589 | 7,469 | 7,390 | 7,406 | 7,652 | 7,321 |
| B | Non-Res | Choice | 10,028 | 10,124 | 10,680 | 10,934 | 11,319 | 11,493 | 11,538 | 11,596 | 11,523 | 11,561 | 11,655 | 11,540 | 11,499 | 11,758 | 12,019 |
| C | Non-Res | Choice | 3,855 | 3,768 | 3,591 | 3,475 | 3,560 | 3,667 | 3,659 | 3,685 | 3,691 | 3,640 | 3,524 | 3,439 | 3,383 | 3,329 | 3,216 |
| D | Non-Res | Choice | 3,394 | 3,539 | 4,005 | 4,119 | 4,168 | 4,254 | 4,257 | 4,332 | 5,139 | 5,088 | 5,083 | 5,072 | 5,107 | 5,229 | 5,582 |
| E | Non-Res | Choice | 7,064 | 7,034 | 6,898 | 6,851 | 6,786 | 6,680 | 6,645 | 6,560 | 6,432 | 6,348 | 6,796 | 6,933 | 6,911 | 6,973 | 7,001 |
| F | Non-Res | Choice | 744 | 719 | 688 | 667 | 652 | 630 | 629 | 606 | 585 | 578 | 563 | 565 | 589 | 586 | 579 |
| G | Non-Res | Choice | 1,051 | 1,065 | 967 | 946 | 871 | 860 | 855 | 856 | 859 | 853 | 824 | 811 | 796 | 763 | 761 |
| H | Non-Res | Choice | 1,325 | 1,328 | 1,350 | 1,434 | 1,460 | 1,514 | 1,508 | 1,470 | 1,444 | 1,397 | 1,347 | 1,328 | 1,299 | 1,263 | 1,222 |
| I | Non-Res | Choice | 580 | 600 | 585 | 588 | 587 | 573 | 563 | 562 | 558 | 555 | 366 | 365 | 363 | 356 | 355 |
| J | Non-Res | Choice | 118 | 119 | 115 | 106 | 106 | 106 | 105 | 104 | 104 | 104 | 103 | 101 | 101 | 83 | 86 |
| K | Non-Res | Choice | 119 | 113 | 113 | 110 | 118 | 114 | 113 | 115 | 115 | 116 | 128 | 203 | 205 | 208 | 214 |
| L | Non-Res | Choice | 302 | 311 | 410 | 433 | 439 | 439 | 457 | 458 | 456 | 462 | 494 | 580 | 600 | 635 | 642 |
| M | Non-Res | Choice | 622 | 624 | 630 | 633 | 661 | 659 | 662 | 669 | 673 | 679 | 675 | 675 | 666 | 567 | 566 |
| N | Non-Res | Choice | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| O | Non-Res | Choice | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22 | 33 | 35 |
| P | Non-Res | Choice | 1,000 | 971 | 909 | 916 | 889 | 848 | 829 | 803 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Q | Non-Res | Choice | 68 | 77 | 81 | 80 | 92 | 92 | 93 | 93 | 93 | 86 | 86 | 85 | 85 | 88 | 83 |
| R | Non-Res | Choice | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 | 4 | 9 |
| | | | 38,678 | 38,715 | 39,305 | 39,505 | 39,820 | 39,911 | 39,777 | 39,690 | 39,358 | 39,060 | 39,117 | 39,094 | 39,039 | 39,531 | 39,695 |

| Reference | Acct Type | Program | 10/2006 | 11/2006 | 12/2006 | 01/2007 | 02/2007 | 03/2007 | 04/2007 | 05/2007 | 06/2007 | 07/2007 | 08/2007 | 09/2007 | 10/2007 | 11/2007 | 12/2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | Res | Govt Ag | 171,693 | 166,453 | 162,324 | 179,710 | 175,698 | 171,809 | 168,578 | 164,945 | 161,272 | 157,184 | 182,812 | 176,117 | 170,687 | 165,886 | 177,641 |
| B | Res | Govt Ag | 16,175 | 19,718 | 18,296 | 17,549 | 17,168 | 16,721 | 16,396 | 16,147 | 15,822 | 15,462 | 15,099 | 14,717 | 13,827 | 13,488 | 10,340 |
| C | Res | Govt Ag | 3,069 | 3,009 | 2,880 | 2,787 | 2,693 | 2,614 | 2,568 | 1,958 | 1,930 | 1,902 | 1,862 | 1,836 | 1,787 | 337 | 330 |
| D | Res | Govt Ag | 7,609 | 7,463 | 10,849 | 10,504 | 10,096 | 9,886 | 9,721 | 9,543 | 9,344 | 8,908 | 8,558 | 8,258 | 9,173 | 8,903 | 10,965 |
| E | Res | Govt Ag | 32,971 | 33,795 | 40,307 | 38,670 | 38,146 | 37,045 | 36,228 | 39,264 | 38,193 | 37,200 | 36,300 | 35,402 | 33,431 | 34,483 | 46,773 |
| F | Res | Govt Ag | 31,095 | 31,675 | 29,183 | 28,098 | 27,497 | 26,875 | 26,460 | 33,355 | 32,682 | 32,038 | 31,342 | 30,575 | 29,541 | 31,171 | 31,176 |
| G | Res | Govt Ag | 3,500 | 3,447 | 3,389 | 3,378 | 3,356 | 3,338 | 3,320 | 3,292 | 3,282 | 3,214 | 3,182 | 3,149 | 3,098 | 3,794 | 3,754 |
| | | | 266,112 | 265,560 | 267,228 | 280,696 | 274,654 | 268,288 | 263,271 | 268,504 | 262,525 | 255,908 | 279,155 | 270,054 | 261,544 | 258,062 | 280,979 |

Dominion East Ohio
Energy Choice Stats

12/4/2007

| Reference | Acct Type | Program | 10/2006 | 11/2006 | 12/2006 | 01/2007 | 02/2007 | 03/2007 | 04/2007 | 05/2007 | 06/2007 | 07/2007 | 08/2007 | 09/2007 | 10/2007 | 11/2007 | 12/2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | Non-Res | Govt Ag | 10,826 | 10,705 | 10,398 | 11,145 | 11,097 | 10,926 | 10,732 | 10,554 | 10,270 | 10,063 | 12,213 | 11,890 | 11,706 | 11,472 | 12,107 |
| B | Non-Res | Govt Ag | 841 | 1,091 | 1,019 | 991 | 985 | 962 | 947 | 934 | 914 | 895 | 886 | 872 | 862 | 854 | 603 |
| C | Non-Res | Govt Ag | 208 | 209 | 203 | 192 | 190 | 185 | 177 | 150 | 144 | 139 | 137 | 137 | 135 | 23 | 21 |
| D | Non-Res | Govt Ag | 178 | 180 | 310 | 302 | 305 | 296 | 291 | 294 | 285 | 277 | 270 | 267 | 325 | 316 | 356 |
| E | Non-Res | Govt Ag | 2,087 | 2,231 | 2,837 | 2,769 | 2,739 | 2,669 | 2,623 | 2,886 | 2,828 | 2,757 | 2,608 | 2,566 | 2,528 | 2,730 | 3,566 |
| F | Non-Res | Govt Ag | 1,659 | 1,641 | 1,580 | 1,546 | 1,528 | 1,493 | 1,451 | 1,792 | 1,751 | 1,706 | 1,660 | 1,627 | 1,599 | 1,732 | 1,695 |
| G | Non-Res | Govt Ag | 196 | 194 | 188 | 187 | 186 | 184 | 183 | 178 | 175 | 175 | 169 | 163 | 162 | 205 | 201 |
| | | | 15,995 | 16,251 | 16,535 | 17,132 | 17,030 | 16,715 | 16,404 | 16,788 | 16,367 | 16,012 | 17,943 | 17,522 | 17,317 | 17,332 | 18,549 |

**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|---|---|---|
| **In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services from Chapters 4905, 4909, and 4935 Except Sections 4905.10, 4935.01, and 4935.03, and from Specified Sections of Chapter 4933 of the Revised Code.** | ) ) ) ) ) ) ) ) ) ) | **Case No. 07-1224-GA-EXM** |

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## APPENDIX D

## SCREEN PRINTS OF INFORMATION AVAILABLE ON THE COMPANY, COMMISSION AND OHIO OFFICE OF CONSUMERS' COUNSEL WEBSITES

---

**CONTENTS**

Dominion
It all starts here.

HAVE YOU SEEN D TODAY?

Customer Service | Products | News | Investors | About Us | Contact Us | » Search Keyword GO

Dominion East Ohio Energy Choice

- Energy Choice Home
- Video: *Natural Gas. The Choice is Yours.*
- Latest SSO News
- Sign-Up Information
- Approved Energy Suppliers
- Eligible Customer Information
- Supplier Contract Renewal
- Natural Gas Deregulation
- Dominion East Ohio Home
- Contact Us

# Dominion East Ohio Energy Choice

Energy Choice is a program we are able to offer eligible customers as a result of competition in the natural gas industry. It lets you buy your natural gas from another supplier, then have it delivered by Dominion East Ohio. This is an option that most customers want, because it will allow you to select a supplier that offers you the most for your money. The actual amount of your savings will vary depending upon the supplier you select, the amount of natural gas you use and the price of natural gas in the future.

As an Energy Choice customer, you will still be considered a customer of Dominion East Ohio and we will continue to:

- deliver natural gas to your home,
- provide meter reading, billing and customer service work, and
- respond to emergency situations and back up your other supplier with our natural gas supplies, so you never have to worry about an interruption of service.

**Tariff/Sales Rate Information**

(Download the free Adobe Acrobat Reader software to view sales/transportation rate information.)

The following links will open pages that contain sales and energy choice rates in the East Ohio/West Ohio areas.

- East Ohio Standard Service Offer and Energy Choice Rates
- East Ohio (West Ohio Division) Standard Service Offer and Energy Choice Rates
- Comparison of East Ohio Standard Service Offer versus Energy Choice Rates
- Comparison of East Ohio (West Ohio Division) Standard Service Offer versus Energy Choice Rates

Contact us for more details about the Dominion East Ohio Energy Choice program.

Dominion East Ohio Energy Choice

- Energy Choice Home
- Video: *Natural Gas. The Choice Is Yours.*
- Latest SSO News
- Sign-Up Information
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- Supplier Contract Renewal
- Natural Gas Deregulation
- Dominion East Ohio Home
- Contact Us

# Natural Gas. The Choice Is Yours.

**Gas Supply Video**

**There's an easy way to find out more about your natural gas buying options.**

Did you know you have the right to choose who supplies natural gas for your home or business? And that shopping around and comparing prices could save you money?

Watch this short video to learn about:

- **Which** natural gas supply options are available,
- **Who** delivers the natural gas you use,
- **What** terms like "variable," fixed," and "hybrid" rates mean, and
- **Where** to find more information on natural gas options.

| | | |
|---|---|---|
| ***Natural Gas. The Choice Is Yours.*** (approx. 6 minutes / hi-res) | **In English** | **En Español** |

Broadband connection is recommended but not necessary. If you're using a dial-up connection, you may experience a longer download time or other viewing issues. If you're unable to view the video, call 1-800-843-3719 to order a free copy in DVD or VHS format.

**Quick Survey** -- Got a minute? After watching the video, take our short survey.



# Energy Choice Marketers

| Participating Energy Choice Marketers | Residential Phone Numbers | Commercial/Industrial Phone Numbers |
|---|---|---|
| Commerce Energy of Ohio, Inc. | 1-877-226-5371 | 1-877-226-5371 |
| Direct Energy, LLC. | 1-888-566-9988 | 1-888-566-9988 |
| Dominion East Ohio Energy | 1-800-990-4090 | 1-866-843-3231 |
| ECONnergy Energy Company | 1-877-89ENERGY (1-877-893-6374) | 1-877-89ENERGY (1-877-893-6374) |
| Energy Cooperative of Ohio *(Commercial customers only) | n/a | 1-888-541-4646 |
| Exelon Energy Ohio, Inc. | 1-888-886-8771 | 1-888-886-8771 |
| Hess Corporation *(Commercial customers only) | n/a | 1-412-494-7200 |
| Interstate Gas Supply, Inc. | 1-877-444-7427 | 1-877-444-7427 |
| Lakeshore Energy Services, LLC | 1-888-200-3788 | 1-888-200-3788 |
| Metromedia Energy, Inc. | 1-800-828-9427 | 1-800-828-9427 |
| MXenergy | 1-800-785-4373 | 1-800-785-4373 |
| Ohio Natural Gas | n/a | 1-888-4ONG-GAS (1-888-466-4427) |
| Peoples Energy Services | 1-866-273-5469 | 1-866-273-5469 |
| UGI Energy Services, Inc. dba GASMARK *(Commercial customers only) | n/a | 1-800-490-5330 |
| Vectren Source | 1-866-306-8135 | 1-866-306-8135 |
| Volunteer Energy Services, Inc. | 1-800-977-VESI (1-800-977-8374) | 1-800-977-VESI (1-800-977-8374) |
| Integrys Energy Services, Inc. | 1-888-367-4493 | 1-888-367-4493 |

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Dominion East Ohio Energy Choice

- Energy Choice Home
- Video: *Natural Gas. The Choice is Yours.*
- Latest SSO News
- Sign-Up Information
- Approved Energy Suppliers
- Eligible Customer Information
- Supplier Contract Renewal
- Natural Gas Deregulation
- Dominion East Ohio Home
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# Dominion East Ohio Energy Choice Sign-up

All eligible Dominion East Ohio customers can join the Energy Choice program at any time. The supplier you choose will provide you with the appropriate information to make the changes necessary on your Dominion East Ohio account.

Eligible customers:

- Can participate in the budget plan or other payment plans.
- May enroll even with a past-due balance on their accounts, provided that they have not broken a payment plan more than once during the preceding 12 months. If now on a payment plan, they must be current on that plan to participate in Energy Choice.
- Cannot participate in the Percentage of Income Payment Plan.
- Cannot participate in municipal aggregation if they have individual contracts with a supplier.

Contact us for more details about the Dominion East Ohio Energy Choice program.

See below for a list of natural gas suppliers approved by Dominion East Ohio. To receive free information by mail, such as an "Apples to Apples" chart which compares suppliers' offers, call the Public Utilities Commission of Ohio toll-free Automated Information Hotline at **1-800-299-7271.**

Residential customers can direct questions and receive free Energy Choice information by contacting the Ohio Consumers' Counsel at **1-877-PICKOCC (1-877-742-5622).**

**Energy Suppliers**

With Energy Choice you will be able to select from several competitive offers. Check our list of marketers that are approved to supply customers for the Energy Choice Program.

Dominion East Ohio
Energy Choice

- Energy Choice Home
- Video: *Natural Gas. The Choice is Yours.*
- Latest SSO News
- Sign-Up Information
- Approved Energy Suppliers
- Eligible Customer Information
- Supplier Contract Renewal
- Natural Gas Deregulation
- Dominion East Ohio Home
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# Supplier Contract Renewal -- Energy Choice

When the contract with your current natural gas supplier is due to expire, we offer the following information to help you evaluate your renewal choice. Remember that while suppliers are required to provide you with a copy of the terms and conditions of a renewal offer, some contracts renew automatically if you do not contact the supplier in writing to refuse the offer.

- Watch your mail carefully. Don't mistake important renewal information as simply an advertisement from your current natural gas supplier. Read each piece thoroughly.
- Check the terms of your current agreement. Are you required to notify your supplier in writing within a specified time if you don't wish to renew the contract?Contact your supplier if you can't find a copy of your contract.
- Evaluate renewal terms carefully. Sometimes contracts are renewed at a higher rate or for a longer time.
- Investigate your options. Compare your renewal offer with the offers from other suppliers to make sure you are getting the deal that is right for your family's natural gas needs. Ask questions of your current supplier and prospective suppliers you may contact.

Call us for more details about Dominion East Ohio's Energy Choice program. Also check our list of natural gas suppliers approved by Dominion East Ohio.

Dominion East Ohio
Energy Choice

- Energy Choice Home
- Video: *Natural Gas. The Choice is Yours.*
- Latest SSO News
- Sign-Up Information
- Approved Energy Suppliers
- Eligible Customer Information
- Supplier Contract Renewal
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# Natural Gas Deregulation

Deregulation is the process of lessening the amount of government restrictions and oversight applied to private companies. The natural gas industry has been gradually deregulated over the past ten years.

As was the case with other industries that have been deregulated, natural gas deregulation has resulted in competition which helps lower the cost of natural gas and increase customer choices.

Before deregulation, utilities charged their customers for all the necessary steps to get the natural gas from the gas well to the customer's home or business. This included purchasing the natural gas, delivering it to the customer, measuring the customer's use, providing emergency service, and billing the customer.

One effect of deregulation has been that customers may now choose to purchase only part of the full line of services that are offered by the utility. This ability to choose is called ***unbundling***. The complete package of services has been unbundled so that a customer can choose to separate the gas purchasing transaction from the delivery -- or transport -- transaction.

Energy Choice, or allowing customers to purchase natural gas from a supplier other than the utility that delivers the natural gas, has created competition by allowing many companies the right to sell natural gas.

Over the past ten years, only customers using large amounts of natural gas could take advantage of customer choice. In 2000, Dominion East Ohio opened the Energy Choice program to all eligible customers in our service territory.

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- E-Mail
- Phone Numbers & Addresses
- Directions

# Dominion East Ohio

**Phone Numbers:**

**1-800-362-7557**
Hours: 7 a.m. - 7 p.m., Monday - Friday

**Emergency Service:**
1-877-542-2630 (24 hours a day, everyday). An alternate number is on the front of your bill, or in your local phone directory.

**TDD for Hearing Impaired Customers:**
Cleveland customers (216) 736-6789
Outside the 216 area code, call toll-free 1-800-633-8903.

**Addresses:**

**Corporate Address:**
Dominion East Ohio
P O Box 26666
Richmond, VA 23261-2666

**Mail gas bill payments to:**
Dominion East Ohio
P O Box 26785
Richmond, VA 23261-6785

Wednesday, Dec 05, 2007 05:00 PM

Larry J. Rice/HQ/EG/CNG
12/05/2007 02:25 PM

To Jeff Murphy/HQ/EG/CNG@VANCPOWER
cc
bcc
Subject Re: Data Needed for Phase 2 Application

The transport number includes 593,033.3 mcf's booked as transport during 10/2006 - 03/2007 that should have been recorded as off system. (NEONG) The volumes have been booked correctly since April 2007. I did not correct, so that I would be able to balance to summary worksheets. Let me know if you want that pulled out of the number.

Billing Volumes 11/2006 - 10/2007

| | Volumes - as Measured | Average Customers |
|---|---|---|
| Transport | 96,718,060.3 | 3,776 |
| Sales | 49,982,378.5 | 412,745 |
| Choice | 102,260,033.9 | 794,468 |
| | 248,960,472.7 | 1,210,989 |

Jeff Murphy/HQ/EG/CNG

Jeff Murphy /HQ/EG/CNG
12/05/2007 01:30 PM

To Larry J. Rice/HQ/EG/CNG@VANCPOWER
cc
Subject Re: Data Needed for Phase 2 Application

No.

Jeffrey A. Murphy
Director, Rates & Gas Supply
Dominion East Ohio
1201 East 55th Street, Cleveland, OH 44103-1028
ph: 216-736-6376
tie: 8-650-6376

Larry J. Rice/HQ/EG/CNG

Larry J. Rice/HQ/EG/CNG
12/05/2007 01:27 PM

To Jeff Murphy/HQ/EG/CNG@VANCPOWER
cc
Subject Re: Data Needed for Phase 2 Application

Should the volume numbers include unbilled or not?

| Marketers | December 2007 Customers Residential | Nonresidential | Total |
|---|---|---|---|
| Direct Energy - West Ohio | 2,566 | 625 | 3,191 |
| Dominion East Ohio Energy - West Ohio | 7,333 | 375 | 7,708 |
| Energy Co-op of Ohio - West Ohio | 56 | 36 | 92 |
| Exelon Energy Ohio, Inc. - West Ohio | 3 | 34 | 37 |
| Interstate Gas Supply - West Ohio | 5,746 | 1,007 | 6,753 |
| MX Energy, Inc. - West Ohio | 3,377 | 313 | 3,690 |
| Vectren Source - West Ohio | 685 | 5 | 690 |
| Volunteer Energy Service, Inc. - West Ohio | 22 | 108 | 130 |
| Direct Energy - Gov. Agg West Ohio | 3,495 | 397 | 3,892 |
| Interstate Gas Supply - Gov. Agg West Ohio | 1,404 | 136 | 1,540 |
| Total West Ohio: | 24,687 | 3,036 | 27,723 |
| Commerce Energy, Inc. | 9,321 | 1,222 | 10,543 |
| Compass Energy Services, Inc. | 2 | 9 | 11 |
| Direct Energy | 39,623 | 6,376 | 45,999 |
| Dominion East Ohio Energy | 167,175 | 6,946 | 174,121 |
| ECONnergy Energy | 102 | 4 | 106 |
| Energy Co-op of Ohio | 2,343 | 319 | 2,662 |
| Energy USA - TPC Corp. | - | 35 | 35 |
| Exelon Energy Ohio, Inc. | 53 | 532 | 585 |
| Hess Corporation | 285 | 642 | 927 |
| Integrys Energy Service | 44,031 | 5,582 | 49,613 |
| Interstate Gas Supply | 128,613 | 11,012 | 139,625 |
| Lakeshore Energy Services, LLC. | 173 | 214 | 387 |
| Metromedia Energy, Inc. | 9 | 86 | 95 |
| MxEnergy, Inc. | 43,442 | 2,903 | 46,345 |
| Peoples Energy Services Corporation (to Integrys 062007) | - | - | - |
| UGI Energy Services Inc. dba GasMark | 3 | 83 | 86 |
| Vectren Source | 25,322 | 574 | 25,896 |
| Volunteer Energy Service, Inc. | 1,064 | 653 | 1,717 |
| Direct Energy - Gov. Agg. Pool | 43,278 | 3,169 | 46,447 |
| Dominion East Ohio Energy - Gov. Agg. Pool | 177,641 | 12,107 | 189,748 |
| Integrys Energy Service - Gov. Agg. Pool | 10,965 | 356 | 11,321 |
| Interstate Gas Supply - Gov. Agg. Pool | 8,936 | 467 | 9,403 |
| MxEnergy Inc. - Gov. Agg. Pool | 330 | 21 | 351 |
| Vectren Source - Gov. Agg. Pool | 31,176 | 1,695 | 32,871 |
| Volunteer Energy Service, Inc. - Gov. Agg. Pool | 3,754 | 201 | 3,955 |
| Total East Ohio: | 737,641 | 55,208 | 792,849 |
| Total: | 762,328 | 58,244 | 820,572 |

17

| | | | |
|---|---|---|---|
| Agg | 280,979 | 18,549 | 299,528 |
| Non-Agg | 481,349 | 39,695 | 521,044 |

| Marketers | October 2006 Customers Residential | Nonresidential | Total | |
|---|---|---|---|---|
| Direct Energy - West Ohio | 2,520 | 541 | 3,061 | |
| Dominion East Ohio Energy - West Ohio | 2,752 | 180 | 2,932 | |
| Energy Co-op of Ohio - West Ohio | 41 | 47 | 88 | |
| Exelon Energy Ohio, Inc. - West Ohio | 3 | 29 | 32 | |
| Interstate Gas Supply - West Ohio | 5,517 | 1,023 | 6,540 | |
| MX Energy, Inc. - West Ohio | 4,772 | 375 | 5,147 | |
| Shell Energy - West Ohio | - | - | - | |
| Vectren Source - West Ohio | 162 | 3 | 165 | |
| Volunteer Energy Service, Inc. - West Ohio | 32 | 121 | 153 | |
| Direct Energy - Gov. Agg West Ohio | 3,692 | 354 | 4,046 | |
| Interstate Gas Supply - Gov. Agg West Ohio | 1,217 | 112 | 1,329 | |
| Total West Ohio: | 20,708 | 2,785 | 23,493 | |
| PIPP | - | - | - | |
| Commerce Energy, Inc. | 11,139 | 1,325 | 12,464 | |
| Hess Corporation (formerly Amerada Hess) | 82 | 302 | 384 | |
| Direct Energy | 38,215 | 6,523 | 44,738 | |
| Dominion East Ohio Energy | 185,464 | 8,224 | 193,688 | |
| ECONnergy Energy | 129 | 4 | 133 | 16 |
| Energy Co-op of Ohio | 2,148 | 533 | 2,681 | |
| Exelon Energy Ohio, Inc. | 57 | 593 | 650 | |
| FSG Energy Service | 39,723 | 3,394 | 43,117 | |
| Interstate Gas Supply | 90,273 | 9,005 | 99,278 | |
| Lakeshore Energy Services, LLC. | 30 | 119 | 149 | |
| Metromedia Energy, Inc. | 15 | 118 | 133 | |
| MidAmerican Energy | - | - | - | |
| MxEnergy, Inc. | 64,859 | 3,480 | 68,339 | |
| Peoples Energy Services Corporation | 756 | 1,000 | 1,756 | |
| Shell Energy LLC (customer moved to Mx 8/1) | - | - | - | |
| UGI Energy Services Inc. dba GasMark | - | 68 | 68 | |
| Vectren Source | 25,932 | 741 | 26,673 | |
| Volunteer Energy Service, Inc. | 1,217 | 930 | 2,147 | |
| Direct Energy - Gov. Agg. Pool | 29,279 | 1,733 | 31,012 | |
| Dominion East Ohio Energy - Gov. Agg. Pool | 171,693 | 10,826 | 182,519 | |
| FSG Energy Service - Gov. Agg. Pool | 7,609 | 178 | 7,787 | |
| Interstate Gas Supply - Gov. Agg. Pool | 14,958 | 729 | 15,687 | |
| MxEnergy Inc. - Gov. Agg. Pool (formerly Shell) | 3,069 | 208 | 3,277 | |
| Vectren Source - Gov. Agg. Pool | 31,095 | 1,659 | 32,754 | |
| Volunteer Energy Service, Inc. - Gov. Agg. Pool | 3,500 | 196 | 3,696 | |
| Total East Ohio with PIPP: | 721,242 | 51,888 | 773,130 | |
| Total East Ohio without PIPP: | 721,242 | 51,888 | 773,130 | |
| Total with PIPP: | 741,950 | 54,673 | 796,623 | |
| Total without PIPP: | 741,950 | 54,673 | 796,623 | |

| | | | |
|---|---|---|---|
| Agg | 266,112 | 15,995 | 282,107 |
| Non Agg | 475,838 | 38,678 | 514,516 |

## Choosing a Natural Gas Supplier

Under customer choice programs for Duke Energy, Columbia Gas of Ohio, Dominion East Ohio, and Vectren Energy Delivery of Ohio, you may choose your natural gas supplier. Your local natural gas utility will continue to deliver the gas to your home or business. If you are considering switching natural gas suppliers, take a moment to read the following information. The Public Utilities Commission of Ohio (PUCO) is committed to ensuring that you have the needed information to make an informed decision about choosing a new supplier.

### Governmental Buying Groups or "Aggregations"

Before learning about how to choose your supplier on your own, you should also know about governmental aggregation in case your area chooses to aggregate. In Ohio, local communities are allowed, by law, to join their citizens together to buy natural gas as a group and on the group's behalf, negotiate the terms, conditions, and price of the natural gas supply. Most governmental aggregation programs are "opt-out" programs which automatically enroll all local residents, unless they individually and actively opt-out of the program (choose not to be included). A local government can only do this if a majority of the voters approved the issue in a previous election. If your community is aggregating, you will want to learn more about how this program affects you and your choices. For more information, call the PUCO at (800) 686-PUCO (7826).

### Apples to Apples comparison charts:

The PUCO regularly updates a comparison chart of the certified suppliers' offers. The chart includes: a list of PUCO-certified suppliers that are actively enrolling customers, suppliers' phone numbers and web sites, price options, total rate, average annual cost of each plan, and basic terms of the contracts offered. For your free copy of the most recent comparison chart, call the PUCO Consumer Hotline at (800) 686-PUCO (7826).

### Safety and Reliability

Whether you stay with your local natural gas utility or switch to another company for your gas supply, your local utility will continue to respond to your natural gas safety concerns and provide the same reliable natural gas service as always. The PUCO is committed to ensuring that customers will continue to receive safe, reliable and adequate natural gas service.

### PUCO-Certified Suppliers

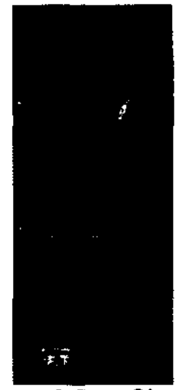
Before entering into an agreement with a potential supplier, make sure that the company is on the certified supplier list. You can obtain a current list of suppliers by calling the PUCO at (800) 686-PUCO (7826). Certified suppliers have met the PUCO's tough managerial, technical, and financial standards. Further, the PUCO may take certain actions against suppliers who violate customer protections and rules.

### 4 simple steps to choosing a supplier

**1. Compare offers**

Get a PUCO Apples to Apples comparison chart.

**County Natural Gas Map Index**



**Natural Gas Choice**

Printer Friendly Version

**Natural Gas Service Territory Map**

En Español

**Selección De Gas Natural**

Viewing PDF files requires the Adobe Acrobat Reader.

**2. Contact suppliers**

Contact the suppliers that you are most interested in and ask the questions provided in this pamphlet. To sign up, simply call that supplier. The supplier will contact your local natural gas utility for you.

**3. Read and understand the supply contract**

Make sure you carefully read and understand all of the terms and conditions of your supply contract. The supplier should be able to answer any questions you have.

**4. Receive Confirmation**

Your local natural gas utility will send you a letter confirming the supplier you have chosen. If the information is correct, you do not have to do anything. If the information is not correct, contact the utility and request that the switch be stopped.

## Questions to Ask a Supplier

- Are you a PUCO-certified supplier?
- What is the price per hundred cubic feet (ccf) or thousand cubic feet (mcf)?
- Is the price fixed or does it change?
- If it changes, how does it change?
- Does the price depend on how much I use or when I use natural gas?
- Will there be a switching fee?
- Is there a fee if I cancel the contract early?
- Are there any built-in price increases or decreases?
- Is there a customer incentive for signing up?
- Are there any special add-on services?
- How long will the rate remain in effect?
- What happens when my contract expires?
- Will I receive one or two bills a month?
- Who provides the billing?
- Is there a budget plan?
- Are current budget plan customers eligible to participate with the supplier?

## Inquiries, Disputes, and Complaints

If you have a gas emergency (e.g. you smell gas) or a complaint or inquiry regarding your bill, meter, gas pipeline or safety concerns, call your local natural gas utility.

If you have a complaint or inquiry regarding your natural gas supply contract, call your supplier.

If your complaint or inquiry is not resolved, call the PUCO Consumer Call Center at (800) 686-PUCO (7826) or TTY/TDD (800) 686-1570.

# PUCO Apples to Apples Natural Gas Rate Comparison Chart

## Dominion East Ohio

***Updated November 29, 2007 – Next Update, December 6, 2007***

The PUCO produces the *Apples to Apples* charts to provide consumers with a snapshot comparison of current natural gas supplier price options and contract terms. The PUCO updates the charts on a regular basis and verifies each supplier offer to ensure accuracy. The chart below lists only the certified suppliers that are actively enrolling new customers. As with all contracts, consumers should carefully read and understand all terms and conditions before signing any forms or agreeing to enroll with a supplier for natural gas service.

The PUCO provides the tools you need to calculate your estimated cost. The self-calculation worksheet following the chart below walks you through the steps needed to manually calculate your own estimated cost. You can also visit ***www.PUCO.ohio.gov*** and click on the **Apples to Apples** link to access our interactive calculator and automatically calculate your estimated costs.

**Dominion East Ohio's Rate**

Effective October 12, 2006, Dominion East Ohio's (DEO) sales customers will pay a ***Standard Service Offer (SSO) Rate.*** Under a two-year pilot program approved by the PUCO, the SSO replaces the former Gas Cost Recovery (GCR) mechanism. The SSO is based on the New York Mercantile Exchange month-end settlement price, plus a Retail Price Adjustment of **$1.44** per thousand cubic feet (Mcf). The new SSO rate varies each month and represents costs associated with securing natural gas for customers who purchase gas from DEO, as did the GCR. Effective November 13, 2007 through December 13, 2007, ***DEO's current total sales rate is $12.0720 per Mcf.*** This includes the SSO rate of **$8.7090** per Mcf, plus a Surcredit Rider Offset of **$0.0053**, a gross receipts tax on the SSO rate of **$0.4264** per Mcf, and transportation costs of **$2.9313** per Mcf. ***Contact information for Dominion East Ohio: 1201 East 55th St., Cleveland, OH 44103-1028, (800) 362-7557, www.dom.com.***

**Supplier Rate Offers**

The chart below reflects the current offers provided by suppliers that are actively soliciting customers. [redacted] ***offers and contract terms*** [redacted] ***sales tax. Consumers should check*** [redacted]

| Supplier Name | Current Offer per Mcf | Contract Term | Total Rate per Mcf* |
|---|---|---|---|
| **Commerce Energy**<br>**(877) 226-5371**<br>**www.commerceenergy.com** | a) Fixed Rate Plan - $10.30<br>b) Fixed Rate Plan - $10.70<br>c) Monthly Variable Rate Plan - $11.34168 | a) One-Year<br>b) Two-Year<br>c) Monthly | a) $13.23130<br>b) $13.63130<br>c) $14.27298 |
| **Direct Energy**<br>**(888) 566-9988**<br>**www.directenergy.com** | Fixed Rate Plan - $10.99 ***[Two-Month Introductory Rate @ $9.89/Mcf; then Ten Months @ $10.99/Mcf.]*** | One-Year | $13.92130 |
| **Dominion East Ohio Energy**<br>**(800) 990-4090**<br>**www.dom.com/about/companies/retail/choice_eoe.jsp** | Fixed Rate Plan - $10.49 | Through Sept. 2008 | $13.42130 |
| **Energy Cooperative of Ohio via SOAR Energy**<br>**(877) 439-3706**<br>**www.soarenergy.org** | Monthly Variable Rate Plan - $9.75 | Monthly | $12.68130 |

| Supplier Name | Current Offer per Mcf | Contract Term | Total Rate per Mcf* |
|---|---|---|---|
| **Integrys Energy Services, Inc.**<br>**(866) 470-5448**<br>**www.integrysenergy.com** | a) Fixed Rate Plan - $9.99<br>b) Monthly Variable Rate Plan - $8.589<br>c) Monthly Variable Capped-Rate Plan - $8.989 [***Rate not to exceed $12.00/Mcf through 03/08.]***<br>d) Monthly Variable Capped-Rate Plan - $9.99 ***[Rate not to exceed $10.83/Mcf through 09/08.]***<br>e) Quarterly Variable Rate Plan - $8.80 ***[Effective Quarter 10/07-12/07.]*** | All Plans: One-Year | a) $12.92130<br>b) $11.52030<br>c) $11.92030<br>d) $12.92130<br>e) $11.73130 |
| **Interstate Gas Supply**<br>**(877) 444-7427**<br>**www.igsenergy.com** | Fixed Rate Plan - $9.99 | Through Oct. 2008 | $12.92130 |
| **Lakeshore Energy Services**<br>**(888) 200-3788**<br>**www.lakeshoreenergy.com** | Variable Rate Plan - $8.70 | Through Mar. 2009 | $11.63130 |
| **MxEnergy**<br>**(888) 898-4323**<br>**www.mxenergy.com** | a) Fixed Rate Plan - $11.69<br>b) Fixed Rate Plan - $11.98<br>c) Fixed Rate Plan - $11.41<br>d) Monthly Variable Rate Plan - $9.98 | a) One-Year<br>b) Three-Year<br>c) Six-Month<br>d) Monthly | a) $14.62130<br>b) $14.91130<br>c) $14.34130<br>d) $12.91130 |
| **Vectren Source**<br>**(800) 516-6753**<br>**www.vectrensource.com** | a) Fixed Rate Plan - $10.99<br>b) Monthly Variable Rate Plan - $9.4350 | a) One-Year<br>b) Monthly | a) $13.92130<br>b) $12.36630 |

*** Includes transportation rate charge**

## Chart Definitions

### Questions to ask Suppliers

- Are there any deposit requirements?
- Do you charge any early termination fees? If so, how much?
- Do you charge any switching, membership, or other fees?
- Are you certified by the PUCO?
- Is your rate fixed, or does it change?
- If it is a variable rate, how does it change?
- Is there a customer incentive for signing up?
- Are there any built-in price increases or decreases?
- Are there any special add-on services?
- How long is the contract for this offer?
- Does your service cover all months of the year?
- What happens when my contract expires?
- Will I receive one or two bills a month?

**Contract Term**: The length or duration of the contract (i.e. monthly, yearly, multiple-year).

**County Sales Tax**: When natural gas is purchased from a supplier, the natural gas is subject to Ohio sales or use tax. Because county sales tax rates vary throughout Ohio, the county sales tax is not included in the supplier's total rate. Use the attached map to determine your county's sales tax rate.

**Current Offer**: Comprised of suppliers' current commodity options and base rates, exclusive of sales tax, the local utility transportation charge, and customer service charges. Commodity options may be a fixed, variable, or stable rate plan.

**Fixed Rate Plan**: A constant rate for the contracted period.

**Gross Receipts Tax**: When natural gas is purchased from a local utility, it is not subject to Ohio sales or use tax. The local utility must pay a gross receipts excise tax which is included in the SSO rate charged for the natural gas based on the volume of gas consumed (per Mcf).

**Mcf**: One thousand cubic feet; a unit used to measure natural gas usage.

**Migration Rider**: The rider recovers DEO's costs of balancing gas deliveries to Dominion East Ohio's system and the customers' actual consumption. This rider is adjusted quarterly.

**Stable Rate Plan**: A variable rate for a fixed period of time.

**Standard Service Offer (SSO) Rate**: The SSO replaces the former Gas Cost Recovery (GCR) mechanism, under a two-year pilot program approved by the PUCO, effective October 12, 2006. The SSO is based on the New York Mercantile Exchange month-end settlement price, plus a Retail Price Adjustment of $1.44 per thousand cubic feet (Mcf). The new SSO rate varies each month and represents costs associated with securing natural gas for customers who purchase gas from DEO, as did the GCR.

**Supplier Name**: PUCO-certified suppliers that are actively enrolling new customers.

**Surcredit Rider**: An adjustment used to reimburse customers for charges attributable to natural gas commodity sales service for customers that no longer purchase their natural gas from the local utility. The surcredit rider remains in effect until the local utility establishes new base rates and recalculates the surcredit rider for CHOICE customers, who no longer purchase natural gas from their local utility.

**Total Rate**: Comprised of the supplier's natural gas commodity prices, plus DEO's transportation rate charge.

**Transportation Rate Charge**: The transportation rate charge, which can fluctuate quarterly, is comprised of a base rate, Percentage of Income Payment Plan rider, uncollectible expense rider, competitive retail natural gas service surcredit rider, and a migration rider.

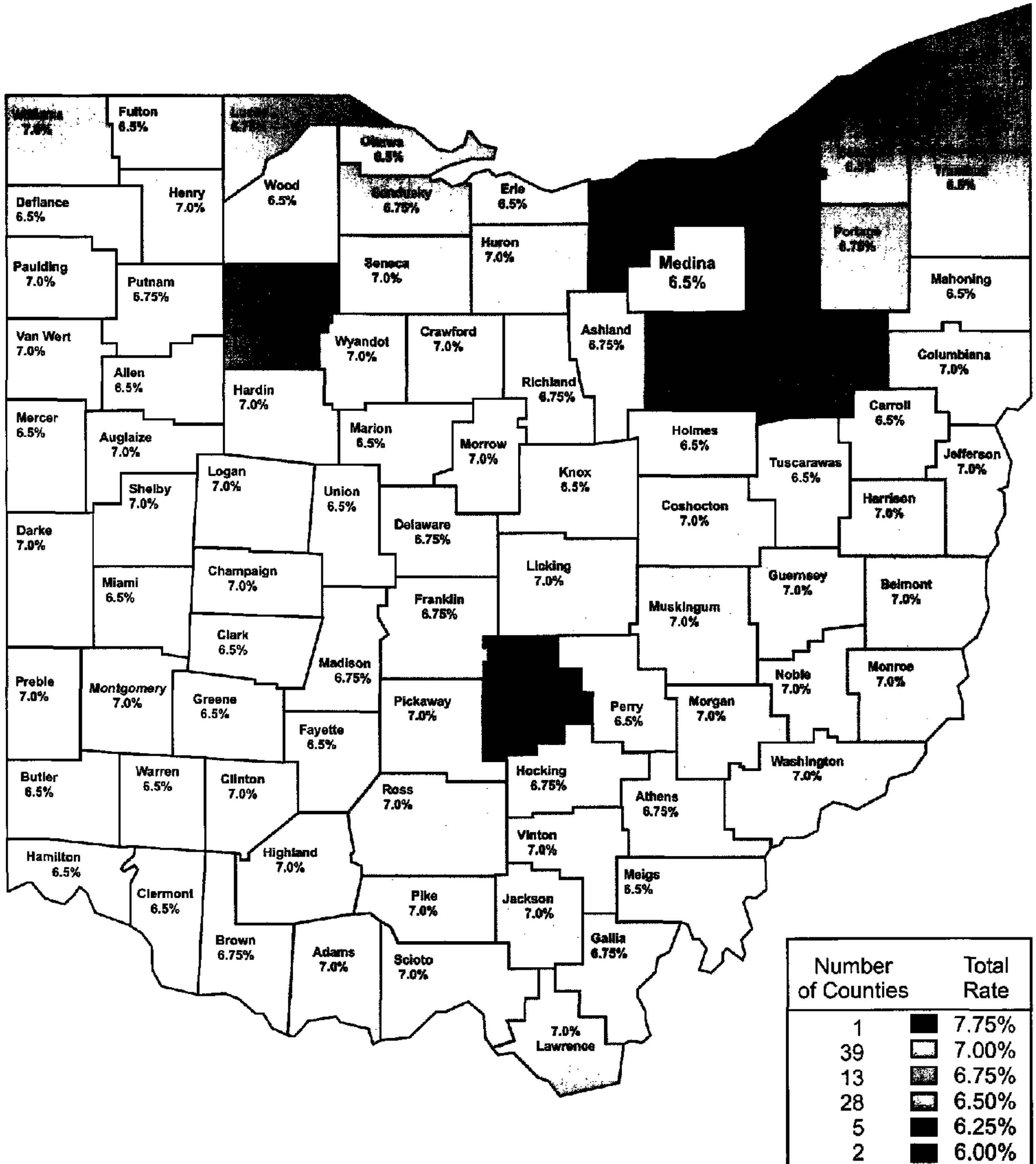
**Variable Rate Plan**: A fluctuating rate within the contracted period.

## Self-Calculation Worksheet

This self-calculation worksheet will provide you with an estimate of your monthly natural gas costs, based on your average monthly gas usage, current supplier price, transportation and service charges, and local sales tax. You may also wish to visit www.PUCO.ohio.gov to access our interactive *Apples to Apples* calculator.

| | Example | Your Calculation |
|---|---|---|
| **Step 1: Supplier Offer** Insert the supplier's current offer. | **Supplier Offer: $10.00/Mcf** | **Supplier Offer: $______/Mcf** |
| **Step 2: Figure your Average Monthly Usage** Divide your annual gas usage in Mcf (provided on your monthly bill) by 12. | (annual gas usage) 103 Mcf<br>÷ 12<br>**Average Monthly Usage: 8.6 Mcf** | (annual gas usage) ______<br>÷ 12<br>**Average Monthly Usage: ______Mcf** |
| **Step 3: Supplier Charge** Multiply the supplier offer by your monthly gas usage. | (supplier offer) $10.00<br>(average monthly usage) x 8.6<br>**Supplier Charge: $86.00** | (supplier offer) $ ______<br>(average monthly usage) x______<br>**Supplier Charge: $______** |
| **Step 4: Tax on Supplier Charge** *Multiply the supplier charge* by your County sales tax rate (to obtain this rate, use the map on the next page). | (supplier charge) $86.00<br>*(County sales tax rate)* x 0.07<br>**Tax on Supplier Charge: $6.02** | (supplier charge) $______<br>(County sales tax rate) x 0.______<br>**Tax on Supplier Charge: $______** |
| **Step 5: Delivery Charge** Multiply the delivery rate by your average monthly usage. | (delivery rate) $2.9313<br>(average monthly usage) x 8.6<br>**Delivery Charge: $25.21** | (delivery rate) **$ 2.9313**<br>(average monthly usage) x______<br>**Delivery Charge: $______** |
| **Step 6: Supplier Estimated Monthly Cost** Add the supplier charge, the tax on supplier charge, the delivery charge, and a monthly customer charge of $5.70. | (supplier charge) $86.00<br>(tax on supplier charge) 6.02<br>(delivery charge) 25.21<br>(monthly customer charge) + 5.70<br>**Estimated Monthly Cost: $122.93** | (supplier charge) $______<br>(tax on supplier charge) ______<br>(delivery charge) ______<br>(monthly customer charge) **+ 5.70**<br>**Estimated Monthly Cost: $______** |
| **Step 7: Dominion East Ohio's Estimated Monthly Cost** Multiply Dominion East Ohio's current total rate by your average monthly usage, then add the monthly customer charge. | (current total rate) $12.0720<br>(average monthly usage) x 8.6<br>(subtotal) $103.82<br>(monthly customer charge) + 5.70<br>**Estimated Monthly Cost: $109.52** | (current total rate) **$12.0720**<br>(average monthly usage) x______<br>(subtotal) $______<br>(monthly customer charge) **+ 5.70**<br>**Estimated Monthly Cost: $______** |
| **Step 8: Compare** Compare the supplier's estimated monthly cost to that of Dominion East Ohio. | **Supplier: $122.93/month**<br>**Dominion East Ohio: $109.52/month** | **Supplier: $______/month**<br>**Dominion East Ohio: $______/month** |

## Total State and Local Sales Tax Rates, By County
## Effective October 2007




**New Rates:**

Cuyahoga County 7.75% (previously 7.50%)

Medina County 6.50% (previously 6.00%)

**Ohio Department of Taxation**
**October 3, 2007**

# Ohio Department of TAXATION

***Business Taxpayer Services Division***
*4485 Northland Ridge Blvd*
*Columbus, Ohio 43229*
*(888) 405-4039 Fax (614) 387-1851*
*http://tax.ohio.gov*

## STATE AND PERMISSIVE SALES TAX RATES BY COUNTY, OCTOBER 2007

| County | County Tax Rate | Transit Tax Rate | Total State & Local Rate | County | County Tax Rate | Transit Tax Rate | Total State & Local Rate |
|---|---|---|---|---|---|---|---|
| Adams | 1.50% | -- | 7.00% | Licking | 1.50% | -- | 7.00% |
| Allen | 1.00 | -- | 6.50 | Logan | 1.50 | -- | 7.00 |
| Ashland | 1.25 | -- | 6.75 | Lorain | 0.75 | -- | 6.25 |
| Ashtabula | 1.00 | -- | 6.50 | Lucas | 1.25 | -- | 6.75 |
| Athens | 1.25 | -- | 6.75 | Madison | 1.25 | -- | 6.75 |
| Auglaize | 1.50 | -- | 7.00 | Mahoning | 1.00 | -- | 6.50 |
| Belmont | 1.50 | -- | 7.00 | Marion | 1.00 | -- | 6.50 |
| Brown | 1.25 | -- | 6.75 | Medina | 1.00 | -- | 6.50 |
| Butler | 1.00 | -- | 6.50 | Meigs | 1.00 | -- | 6.50 |
| Carroll | 1.00 | -- | 6.50 | Mercer | 1.00 | -- | 6.50 |
| Champaign | 1.50 | -- | 7.00 | Miami | 1.00 | -- | 6.50 |
| Clark | 1.00 | -- | 6.50 | Monroe | 1.50 | -- | 7.00 |
| Clermont | 1.00 | -- | 6.50 | Montgomery | 1.00 | 0.50% | 7.00 |
| Clinton | 1.50 | -- | 7.00 | Morgan | 1.50 | -- | 7.00 |
| Columbiana | 1.50 | -- | 7.00 | Morrow | 1.50 | -- | 7.00 |
| Coshocton | 1.50 | -- | 7.00 | Muskingum | 1.50 | -- | 7.00 |
| Crawford | 1.50 | -- | 7.00 | Noble | 1.50 | -- | 7.00 |
| Cuyahoga | 1.25 | 1.00% | 7.75 | Ottawa | 1.00 | -- | 6.50 |
| Darke | 1.50 | -- | 7.00 | Paulding | 1.50 | -- | 7.00 |
| Defiance | 1.00 | -- | 6.50 | Perry | 1.00 | -- | 6.50 |
| Delaware | 1.25 | -- | 6.75 | Pickaway | 1.50 | -- | 7.00 |
| Erie | 1.00 | -- | 6.50 | Pike | 1.50 | -- | 7.00 |
| Fairfield | 0.75 | -- | 6.25 | Portage | 1.00 | 0.25 | 6.75 |
| Fayette | 1.00 | -- | 6.50 | Preble | 1.50 | -- | 7.00 |
| Franklin | 1.00 | 0.25 | 6.75 | Putnam | 1.25 | -- | 6.75 |
| Fulton | 1.00 | -- | 6.50 | Richland | 1.25 | -- | 6.75 |
| Gallia | 1.25 | -- | 6.75 | Ross | 1.50 | -- | 7.00 |
| Geauga | 1.00 | -- | 6.50 | Sandusky | 1.25 | -- | 6.75 |
| Greene | 1.00 | -- | 6.50 | Scioto | 1.50 | -- | 7.00 |
| Guernsey | 1.50 | -- | 7.00 | Seneca | 1.50 | -- | 7.00 |
| Hamilton | 1.00 | -- | 6.50 | Shelby | 1.50 | -- | 7.00 |
| Hancock | 0.50 | -- | 6.00 | Stark | 0.25 | 0.25 | 6.00 |
| Hardin | 1.50 | -- | 7.00 | Summit | 0.50 | 0.25 | 6.25 |
| Harrison | 1.50 | -- | 7.00 | Trumbull | 1.00 | -- | 6.50 |
| Henry | 1.50 | -- | 7.00 | Tuscarawas | 1.00 | -- | 6.50 |
| Highland | 1.50 | -- | 7.00 | Union | 1.00 | -- | 6.50 |
| Hocking | 1.25 | -- | 6.75 | Van Wert | 1.50 | -- | 7.00 |
| Holmes | 1.00 | -- | 6.50 | Vinton | 1.50 | -- | 7.00 |
| Huron | 1.50 | -- | 7.00 | Warren | 1.00 | -- | 6.50 |
| Jackson | 1.50 | -- | 7.00 | Washington | 1.50 | -- | 7.00 |
| Jefferson | 1.50 | -- | 7.00 | Wayne | 0.75 | -- | 6.25 |
| Knox | 1.00 | -- | 6.50 | Williams | 1.50 | -- | 7.00 |
| Lake | 0.50 | 0.25 | 6.25 | Wood | 1.00 | -- | 6.50 |
| Lawrence | 1.50 | -- | 7.00 | Wyandot | 1.50 | -- | 7.00 |

**NOTE: State rate is now 5.5%.**

**October 3, 2007**

## Inquiries, disputes, and complaints

If you have a gas emergency (e.g. you smell gas) or a complaint or inquiry regarding your bill, meter, gas pipeline or safety concerns, call your local natural gas utility. Its number will be on your bill.

If you have a complaint or inquiry regarding your natural gas supply contract, call your supplier.

If your complaint or inquiry is not resolved, call the PUCO Consumer Call Center at (800) 686-7826 (PUCO) or TTY/TDD (800) 686-1570.

## Safety and Reliability

Whether you stay with your local natural gas utility or switch to another supplier, your local utility will continue to respond to your natural gas safety concerns and provide the same reliable natural gas service as always. The PUCO is committed to ensuring that customers will continue to receive safe, reliable and adequate natural gas service.

## Interested in other utility issues?

The PUCO can provide information or assist you with your utility questions regarding:

Electric
Natural Gas
Telephone
Water
Moving Companies
Railroad Crossings
Commerical Motor Carriers
Hazardous Materials Carriers

The PUCO Call Center
**(800) 686-PUCO (7826)**
TTY: (800) 686-1570

www.PUCO.ohio.gov


**The Public Utilities Commission of Ohio**
Ted Strickland, Governor    Alan R. Schriber, Chairman
180 E. Broad Street, Columbus, OH 43215
*The Public Utilities Commission of Ohio is an Equal Opportunity Employer and Service Provider*


# Natural Gas Choice

Your guide to choosing a natural gas supplier

The Public Utilities Commission of Ohio

## Natural Gas Choice

Under customer choice programs for Cincinnati Gas & Electric, Columbia Gas of Ohio, Dominion East Ohio, and Vectren Energy Delivery of Ohio, you may choose your natural gas supplier. Your local natural gas utility will continue to deliver the gas to your home or business. If you are considering switching natural gas suppliers, take a moment to read the following information. The Public Utilities Commission of Ohio (PUCO) is committed to ensuring that you have the needed information to make an informed decision about choosing a new supplier.

## *Apples to Apples* Comparison Charts

The PUCO regularly updates a comparison chart of the certified suppliers' offers. The chart includes: a list of PUCO-certified suppliers that are actively enrolling customers, suppliers' phone numbers and Web site addresses, price options, total rate, and terms of the contracts offered. For your FREE copy of the most recent comparison chart, call the PUCO Consumer Call Center at (800) 686-PUCO (7826) or visit the PUCO Web site at www.PUCO.ohio.gov. While visiting the Web site be sure the check out the *Apples to Apples* interactive calculator to obtain an estimate of your monthly natural gas costs with each supplier.

## PUCO-Certified Suppliers

Before entering into an agreement with a potential supplier, make sure that the company is on the certified supplier list. You can obtain a current list of suppliers by calling the PUCO at (800) 686-PUCO (7826) or visiting www.PUCO.ohio.gov. Certified suppliers have met the PUCO's tough managerial, technical, and financial standards. Further, the PUCO may take certain actions against suppliers who violate customer protections and rules.

## Questions to ask a supplier

- ❑ Are there any deposit requirements?
- ❑ Do you charge any early termination fees? If so, how much?
- ❑ Do you charge any switching, membership, or other fees?
- ❑ Are you certified by the PUCO?
- ❑ Is your rate fixed, or does it change?
- ❑ If it is a variable rate, how does it change?
- ❑ Is there a customer incentive for signing up?
- ❑ Are there any built-in price increases or decreases?
- ❑ Are there any special add-on services?
- ❑ How long is the contract for this offer?
- ❑ Does your service cover all months of the year?
- ❑ What happens when my contract expires?
- ❑ Will I receive one or two bills a month?

## Governmental Buying Groups or "Aggregations"

In Ohio, local communities are allowed, by law, to join their citizens together to buy natural gas as a group and, on the group's behalf, negotiate the terms, conditions, and price of the natural gas supply. Most governmental aggregation programs are "opt-out" programs which automatically enroll all local residents, unless they individually and actively opt-out of the program (choose not to be included). A local government can only do this if a majority of the voters approved the issue in a previous election.

If your community is aggregated, you will want to learn more about how this program affects you and your choices. Call the PUCO at (800) 686-PUCO (7826) or visit the PUCO Web site at www.PUCO.ohio.gov.

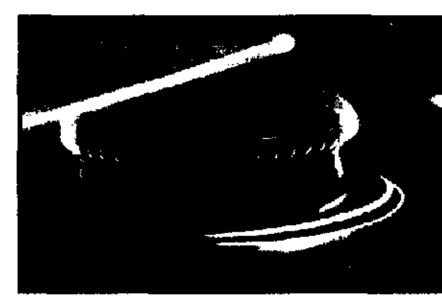
## 4 Simple Steps to Choosing a Supplier

**1 Compare offers.**
Get a PUCO Apples to Apples comparison chart. Call (800) 686-PUCO (7826) or visit www.PUCO.ohio.gov for your free copy.

**2 Contact suppliers.**
Contact the suppliers that you are most *interested in and ask the questions* provided in this pamphlet. To sign up, simply call that supplier. The supplier will contact your local natural gas utility for you.

**3 Read and understand the contract.**
Make sure you carefully read and understand all of the terms and conditions of your contract. The supplier should be able to answer any questions you have.

**4 Receive Confirmation.**
Your local natural gas utility will send you a letter confirming the supplier you have chosen. If the *information* is correct, you do not have to do anything. If the information is not correct, contact the utility and request that the switch be stopped.



**Natural Gas**

- Top News
- Authorized Payment Centers
- Aggregation
- Calculating Your Energy Choices
- Comparing Your Energy Choices
- Fact Sheets
- Gas Choice 101
- Ohio Natural Gas Companies
- Education Sites

# Natural Gas

## Top News

- Out-of-state merger will change natural gas choices
- Homes can be weatherized through HWAP and Warm Choice
- What you should know about natural gas risers
- Rate changes for Dominion East Ohio customers

**Action Alert Results**

Columbia Gas customers: Your voices were heard

**Historical Regulated Natural Gas Rates**

Duke Energy, Columbia Gas, Dominion East Ohio, Vectren

### General Information

Natural gas has many uses, with the most common being to heat houses and water for residential consumers. Part of the Ohio Consumers' Counsel's mission is to educate consumers about issues relating to natural gas, including gas choice, aggregation and budget billing. Also in this section, consumers are able to locate information about their specific natural gas utility and other natural gas suppliers.

Many residential consumers have begun to have a choice in their natural gas supplier. Since the program started, close to 40 percent of Ohio's residential consumers have taken advantage of the opportunity to switch to receive lower rates as well as some communities working with their local governments to approve aggregation, or the group buying, of their natural gas.

The OCC educates consumers about their natural gas choices by publishing fact sheets such as Comparing Your Energy Choices and Choosing a Natural Gas Supplier. In addition, the OCC provides consumers with information on budget billing, which allows consumers to spread their cost for natural gas over a longer period of time.

If you are interested in renewable energy or alternative rate plans visit the OCC's Smart Energy section of this website.

**Has your community aggregated?**

▸ FIND OUT HERE

How much do you know about your natural gas utility bill?

Find out now with our online natural gas bill quiz.

# Comparing Your Energy Choices

## Dominion East Ohio Natural Gas Choice Program

***December 2, 2007. This Information Is updated weekly.***

The Comparing Your Energy Choices chart provides general information about competitive natural gas supplier offers for residential customers of Dominion East Ohio.

Dominion customers who have not chosen a natural gas supplier are charged the Standard Service Offer which combines the price of natural gas reported at the end of each month on the New York Mercantile Exchange (NYMEX), plus a fee of $1.44. The Standard Service Offer will change each month due to fluctuations in the NYMEX rate, but the $1.44 fee will remain the same until August 2008.

Because Dominion's Standard Service Offer will change each month, and it can take between 30 and 45 days to switch from Dominion to another natural gas supplier, it could be difficult to compare savings. The worksheet on page four can be used to estimate what you will pay for natural gas if you choose a new supplier.

For more information on how to choose a natural gas supplier, including important questions to ask a supplier before you enroll, contact the OCC toll free at 1-877-PICKOCC (1-877-742-5622) or visit www.pickocc.org for a free copy of **Gas Choice 101**.

**Dominion East Ohio's current Standard Service Offer rate is: $8.709 and will be in effect November 13, 2007 through December 12, 2007.**

| Supplier: | Offer (per Mcf) | Type of Rate | Contract Term |
|---|---|---|---|
| **Commerce Energy**<br>32991 Hamilton Court<br>Farmington Hills, MI 48334<br>1-877-226-5371 (toll free)<br>www.commerceenergy.com | $10.00<br><br>$10.40<br><br>$11.34 | Fixed rate offer.<br>*($25 early termination fee)*<br>Fixed rate offer.<br>*($50 early termination fee)*<br>Variable rate offer. | 1 year<br><br>2 years<br><br>month to month |
| **Direct Energy**<br>667-F Lakeview Blvd.<br>Worthington, OH 43085<br>1-888-566-9988 (toll free)<br>www.directenergy.com | $9.89 | Fixed rate offer. *Introductory price for first 2 months, then price changes to $10.99* | 1 year |
| **Dominion East Ohio Energy**<br>120 Tredegar St.<br>Richmond VA, 23219<br>1-800-990-4090 (toll free)<br>www.dom.com | $10.49 | Fixed rate offer. | through Sept. 2008 |
| **The Energy Cooperative of Ohio through SOAR Energy**<br>P.O. Box 948<br>Findlay, OH 45839<br>1-877-439-3706 (toll free)<br>www.soarenergy.org | $9.75 | Variable rate offer. | month to month |

| Supplier: | Offer (per McF) | Type of Rate | Contract Term |
|---|---|---|---|
| **Integrys Energy Services**<br>6797 N. High St., Ste. 314<br>Worthington, OH 43085<br>1-888-367-4493 (toll free)<br>www.integrysenergy.com | $8.923 | Variable capped rate offer.[1,2,4] | 1 year |
| | $8.80 | Quarterly variable rate.[2,4] | Oct. - Dec. 2007 |
| | $8.523 | Monthly variable rate offer.[2,3,4] | 1 year |
| | $10.24 | Variable rate offer. [4]<br>*Rate capped at $10.83* | through Sept. 2008 |
| | $9.99 | Fixed rate offer. | through Oct. 2008 |
| | $9.65 | Fixed rate offer.[5] | through Nov. 2008 |
| **Interstate Gas Supply**<br>5020 Bradenton Ave.<br>Dublin, OH 43017<br>1-800-280-4474 (toll free)<br>www.igsenergy.com | $9.99 | Fixed rate offer. | through Oct. 2008 |
| **Lakeshore Energy Services**<br>15930 Nineteen Mile Rd., Ste. 150<br>Clinton Township, MI 48038<br>1-888-200-3788<br>www.lakeshoreenergy.com | $8.58 | Variable rate offer. | through March 2009 |
| **MXenergy**<br>595 Summer St.<br>Stamford, CT 05901<br>1-800-785-4373 (toll free)<br>www.mxenergy.com | $11.41 | Fixed rate offer. | 6 months |
| | $11.69 | Fixed rate offer. | 1 year |
| | $11.98 | Fixed rate offer. | 3 years |
| | $10.19 | Variable rate offer. | month to month |
| **Vectren Source**<br>Customer Services<br>PO Box 3037<br>Evansville, Indiana 47730<br>1-800-516-6753 (toll free)<br>www.vectrensource.com | $10.99 | Fixed rate offer. | 1 year |
| | $9.21 | Variable rate offer. | month to month |

[1]*Not to exceed $12.00/mcf plus sales tax.*
[2]*Restrictions and other details apply.*
[3]*Price will be the NYMEX close price plus $1.32/mcf. Price to be determined monthly prior to billing month.*
[4]*Council of Smaller Enterprises members and member employees are eligible for discounted rates. Must provide COSE membership number.*
[5]*COSE fixed price program; must provide COSE membership number when enrolling.*

**Note**: Not all participating suppliers listed on this comparison fact sheet serve **Allen, Auglaize, Hardin, Mercer, Paulding, Putnam, Shelby** and **Van Wert** counties. Residents of these counties should verify the service area of a supplier prior to enrolling.

**This information has been obtained by the Office of the Ohio Consumers' Counsel and should be used only as a guide. The OCC is not responsible for selections you make based on the information contained herein. Contact the supplier before enrolling to verify its rate, contract terms, and availability in your county. For more information on the natural gas choice programs and participating suppliers visit www.pickocc.org or contact the OCC toll free at 1-877-PICKOCC (1-877-742-5622).**

## What do these offers mean?

***The following are definitions for some of the offers you may see:***

**Fixed Rate**......................... This is a fixed price per unit of gas that will not change for the length of your agreement. Typically, agreement periods range anywhere from six months to three years.

**Variable Rate**.................... This type of agreement offers a price per unit of natural gas that can change over a period of time, based on various conditions. Consumers considering entering into a variable rate agreement should ask the supplier how often the rate is subject to change and what factors will cause the rate to change.

**Percentage off the Standard Service Offer**..... This agreement offers a discount off the natural gas company's monthly Standard Service Offer. This charge makes up the largest portion of your monthly natural gas bill. The Standard Service Offer combines the price of natural gas reported at the end of each month on the New York Mercantile Exchange (NYMEX), plus a fee of $1.44. The Standard Service Offer will change each month due to fluctuations in the NYMEX rate, but the $1.44 fee will remain the same until August 2008. Therefore, supplier offers that provide for a Percentage off the Standard Service Offer, will change on a monthly basis as well.

**Hybrid Programs**............. These offers often have different rates associated with seasonal changes. Most offers to date charge one rate for the winter months (November – April) and another rate during the summer months (May-October). Other hybrid offers may have a variable rate for a period of time and a fixed rate for the remainder of the agreement period.

**Incentive Offers**................ In addition to the rate, some supplier offers may include additional incentives or discounts. You may see a fixed or variable rate offer that includes a certain month of the year for free, or offers a rebate at the end of the agreement period. Other offers may include gift certificates or promotional coupons. The added incentives should be accounted for when you are trying to estimate what if any money you would save by choosing a certain supplier.

The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts. The state agency also educates consumers about electric, natural gas, telephone and water issues and resolves complaints from individuals. To receive utility information, brochures, schedule a presentation or file a utility complaint, residential consumers may call 1-877-PICKOCC (1-877-742-5622) toll free in Ohio or visit the OCC website at www.pickocc.org.

*The Office of the Ohio Consumers' Counsel is an equal opportunity employer and provider of services.*

**For additional information from the Office of the Ohio Consumers' Counsel:**

**Call: 1-877-PICKOCC (1-877-742-5622) toll free or (614) 466-8574**
**Write: 10 West Broad Street, 18th Floor, Columbus, Ohio 43215-3485**
**E-mail: occ@occ.state.oh.us • Internet Address: http://www.pickocc.org**

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ohiosearchkeyocc

# Calculating your choices — Dominion East Ohio

** Rates are in $'s per Mcf and are rounded to the nearest cent. Sample calculation is based on a usage of 10 Mcf.*

| | SAMPLE: If you stay with DEO: | SAMPLE: If you choose a supplier: | WORKSHEET: If you stay with DEO: | WORKSHEET: If you choose a supplier: |
|---|---|---|---|---|
| 1. Standard Service Offer | $ 8.71 | | $ 8.71 | |
| 2. Excise Tax at 4.89% | + 0.43 | | + 43 | |
| 3. Gas Rate with Excise Tax you pay Dominion | = $ 9.14 | | = $ 9.14 | |
| 4. Supplier Price (choose an offer from pg. 1-2) | | $ 8.59 | | $ |
| 5. County Sales Tax (Sample uses 7%) see pg. 5 for each county's sales tax | | + 0.60 | | + |
| 6. Gas Rate with Sales Tax you pay Supplier | | = $ 9.19 | | = $ |
| 7. Gas Transportation Charge | + $ 2.93 | + $ 2.93 | + $ 2.93 | + $ 2.93 |
| 8. Total usage based charges (Gas rate + 7). | = $ 12.07 | = $ 12.14 | = $ 12.07 | = $ |
| 9. Your monthly gas usage in Mcf | x 10 | x 10 | x | x |
| 10. Total cost related to gas usage | = $ 120.70 | = $ 121.40 | = $ | = $ |
| 11. Monthly customer charge | + 5.70 | + 5.70 | + 5.70 | + 5.70 |
| 12. **TOTAL BILL** | = **$ 126.40** | = **$ 127.10** | = $ | = $ |

## Explanations:

**Line 1** — Standard Service Offer rate is effective 11/13/07 - 12/13/07.

**Line 2** — Natural gas purchased from Dominion at the Standard Service Offer rate is subject to a 4.8957% excise tax because the rate is still regulated by the Public Utilities Commission of Ohio (PUCO).

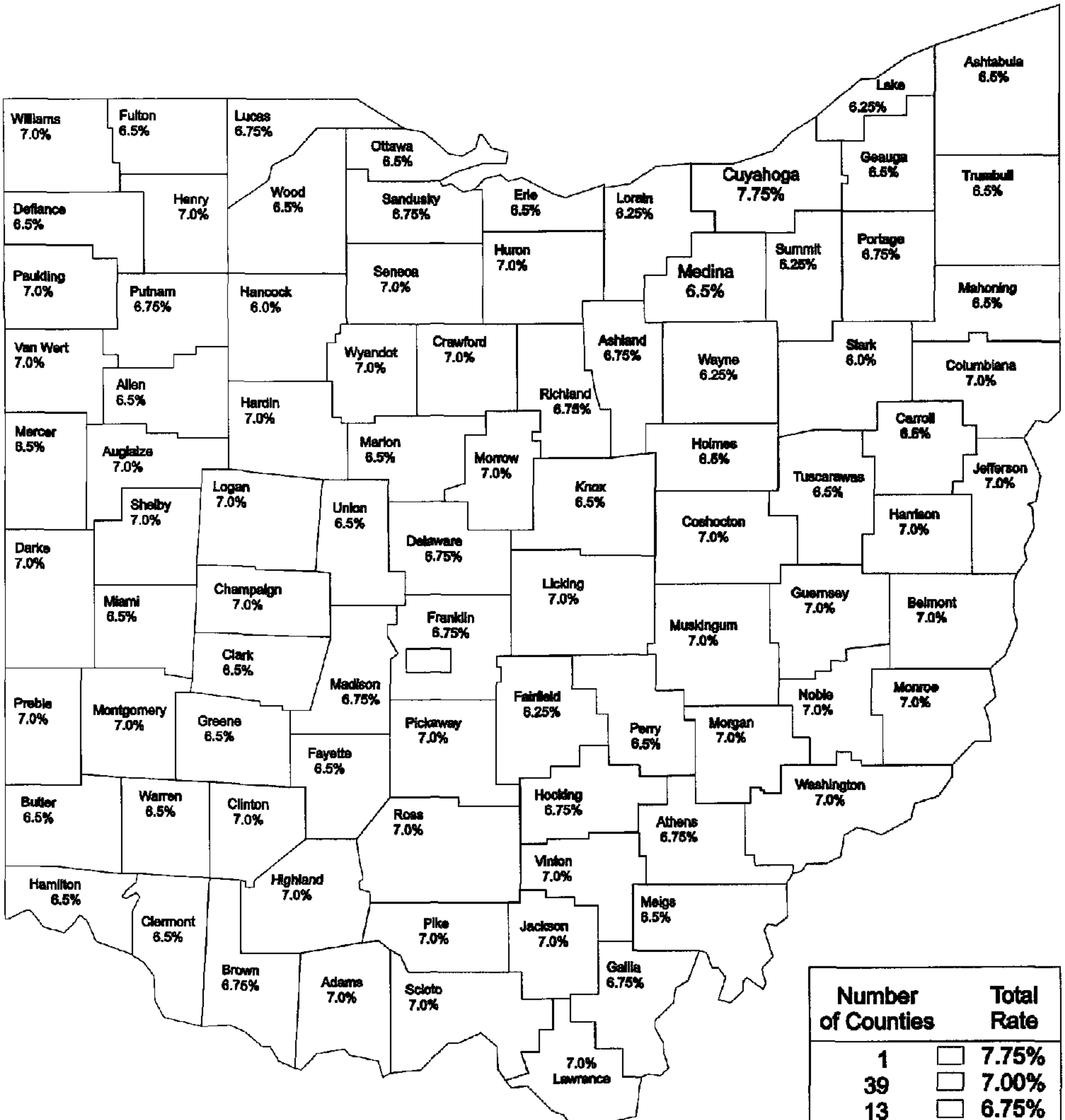
**Line 5** — Gas purchased from a supplier is subject to sales tax that varies by county from 6% to 7.5%. The sample calculation uses 7%.

**Line 7** — The Gas Transportation Charge is made up of:

- Delivery Charges of $2.931 per Mcf: This charge covers costs such as pipeline maintenance, employee wages, investments in property and equipment and taxes.
- Unrecovered Gas Cost Rider is a credit of $0.00 per Mcf: Because the Gas Cost Recovery (GCR) rate represented an estimate of natural gas costs, this rider is necessary to reimburse all customers for overpayments made while Dominion was buying and selling natural gas under the GCR. This credit is anticipated to be on bills for 12 months.
- Operational Balancing Capacity Cost Rider of $0.390 per Mcf: This rider pays for additional capacity that is needed to balance the deliveries of natural gas into Dominion's system with the customers' actual usage.

**PLEASE NOTE: This worksheet does not represent all possible offers and should be used only as a guide. OCC is not responsible for selections you make based on your calculations.**

# Total State and Local Sales Tax Rates, By County
## Effective October 2007




| Number of Counties | Total Rate |
|---|---|
| 1 | 7.75% |
| 39 | 7.00% |
| 13 | 6.75% |
| 28 | 6.50% |
| 5 | 6.25% |
| 2 | 6.00% |

New Rates:
Cuyahoga County 7.75% (previously 7.50%)
Medina County 6.50% (previously 6.00%)

Ohio Department of Taxation
October 3, 2007

**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|---|---|---|
| **In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services from Chapters 4905, 4909, and 4935 Except Sections 4905.10, 4935.01, and 4935.03, and from Specified Sections of Chapter 4933 of the Revised Code.** | ) | **Case No. 07-1224-GA-EXM** |

# APPENDIX E

## TOTAL VOLUMES DELIVERED FROM MARKETER POOLS OPERATING ON DOMINION EAST OHIO'S SYSTEM

## APPENDIX E

## TOTAL SUPPLIER DELIVERIES

| Supplier | 11/06-10/07 Deliveries From Supplier Pools | Market Share % of Total | Market Share Cumulative % |
|---|---|---|---|
| 1 | 38,877,584.2 | 19.2% | 19.2% |
| 2 | 34,152,997.9 | 16.8% | 36.0% |
| 3 | 31,787,551.1 | 15.7% | 51.7% |
| 4 | 18,683,107.6 | 9.2% | 60.9% |
| 5 | 11,293,049.3 | 5.6% | 66.4% |
| 6 | 8,627,489.8 | 4.3% | 70.7% |
| 7 | 8,580,418.2 | 4.2% | 74.9% |
| 8 | 7,527,745.2 | 3.7% | 78.6% |
| 9 | 7,210,567.6 | 3.6% | 82.2% |
| 10 | 7,004,110.6 | 3.5% | 85.6% |
| 11 | 4,313,748.9 | 2.1% | 87.8% |
| 12 | 2,464,171.4 | 1.2% | 89.0% |
| 13 | 2,342,638.7 | 1.2% | 90.1% |
| 14 | 2,180,799.4 | 1.1% | 91.2% |
| 15 | 2,114,045.2 | 1.0% | 92.2% |
| 16 | 1,968,266.5 | 1.0% | 93.2% |
| 17 | 1,935,737.7 | 1.0% | 94.2% |
| 18 | 1,575,888.5 | 0.8% | 94.9% |
| 19 | 1,503,905.2 | 0.7% | 95.7% |
| 20 | 1,406,953.1 | 0.7% | 96.4% |
| 21 | 1,332,191.5 | 0.7% | 97.0% |
| 22 | 1,259,588.5 | 0.6% | 97.7% |
| 23 | 928,541.7 | 0.5% | 98.1% |
| 24 | 869,898.4 | 0.4% | 98.5% |
| 25 | 733,307.1 | 0.4% | 98.9% |
| 26 | 562,279.0 | 0.3% | 99.2% |
| 27 | 561,420.0 | 0.3% | 99.5% |
| 28 | 311,273.1 | 0.2% | 99.6% |
| 29 | 188,663.8 | 0.1% | 99.7% |
| 30 | 150,744.0 | 0.1% | 99.8% |
| 31 | 107,908.8 | 0.1% | 99.8% |
| 32 | 106,854.2 | 0.1% | 99.9% |
| 33 | 63,895.3 | 0.0% | 99.9% |
| 34 | 46,615.3 | 0.0% | 99.9% |
| 35 | 28,972.4 | 0.0% | 100.0% |
| 36 | 28,719.6 | 0.0% | 100.0% |
| 37 | 24,132.6 | 0.0% | 100.0% |
| 38 | 10,490.2 | 0.0% | 100.0% |
| 39 | 7,613.6 | 0.0% | 100.0% |
| 40 | 7,414.2 | 0.0% | 100.0% |
| 41 | 4,358.5 | 0.0% | 100.0% |
| 42 | 3,572.2 | 0.0% | 100.0% |
| 43 | 3,310.6 | 0.0% | 100.0% |
| 44 | 1,677.5 | 0.0% | 100.0% |
| Total | 202,894,218.2 | 100.0% | |

Mcf Volumes Include Deliveries From:

Daily Pooling Service
General Pooling Service
Full Requirements Pooling Service
SSO Supply-Related Volumes
Energy Choice Pooling Service
(Excluding Governmental Aggregation)

**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|---|---|---|
| **In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services from Chapters 4905, 4909, and 4935 Except Sections 4905.10, 4935.01, and 4935.03, and from Specified Sections of Chapter 4933 of the Revised Code.** | ) ) ) ) ) ) ) ) ) ) | **Case No. 07-1224-GA-EXM** |

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**DIRECT TESTIMONY OF JEFFREY A. MURPHY**
**ON BEHALF OF DOMINION EAST OHIO**

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## I. WITNESS IDENTIFICATION AND BACKGROUND

**Q1. Please introduce yourself.**

A1. My name is Jeffrey A. Murphy. I am employed by The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO" or "Company") as its Director, Rates and Gas Supply. My business address is 1201 East 55th Street, Cleveland, Ohio 44103-1028.

**Q2. Please summarize your education and work experience.**

A2. I graduated from The University of Akron in 1980 with a Bachelor of Arts in Economics and in 1981 with a Master of Arts in Economics with a concentration in Quantitative Methods. In 1988, I graduated from Baldwin Wallace College with an Executive Masters of Business Administration with a focus on Systems Management. I joined the Babcock & Wilcox Company in 1981 and held various positions involving econometric forecasting, cost analysis and pricing. In 1986, I joined The East Ohio Gas Company (now DEO) and have since held a variety of positions in the planning, rates, financial analysis, gas supply and transportation services areas. I have also served as a part-time faculty member of The University of Akron in the Department of Economics.

**Q3. Please summarize your responsibilities as Director, Rates and Gas Supply.**

A3. My present duties include oversight of DEO's regulatory affairs, transportation services, planning and gas supply acquisition areas. I am responsible for DEO's regulatory filings before the Public Utilities Commission of Ohio ("PUCO" or "Commission") and the Federal Energy Regulatory Commission ("FERC"). In that capacity, I also act as the Company's principal liaison with those bodies and with other regulatory process stakeholders. In the transportation services portion of my duties, I am responsible for the administration of the Energy Choice and traditional transportation programs and for related services such as gas pooling and unbundled storage. I also oversee the Company's strategic planning and gas supply functions. In the latter role, I work closely with the Gas Supply Group based in Richmond, Virginia.

**Q4. Have you previously testified before the Commission?**

A4. Yes, in the over fifteen years that I have been involved in the Company's rate and regulatory affairs area, I have testified in numerous Commission proceedings, including Phase 1 of DEO's plan to exit the traditional GCR merchant function, Case No. 05-474-GA-ATA, and DEO's most recent GCR proceeding, Case No. 05-219-GA-GCR. I also testified in the Company's prior two rate cases, Case No. 90-395-GA-AIR on behalf of the River Gas Company and Case No. 93-2006-GA-AIR on behalf of DEO.

**Q5. What is the purpose of your testimony?**

A5. My testimony describes the Application and supports its compliance with the requirements of Chapter 4929, Revised Code. I am also sponsoring the exhibits required by Section 4901:1-19-04, Administrative Code.

**Q6. What other witnesses will be sponsoring testimony on behalf of DEO?**

A6. Ms. Vicki Friscic will be sponsoring testimony that addresses certain accounting aspects of the Application.

**Q7. As Director of Rates and Gas Supply, are you familiar with the business, facilities and operations of the Company as they relate to the provision of commodity service and gas transportation programs?**

A7. Yes, I have been directly involved with those areas for more than a decade.

**Q8. Are you also familiar with Phase 1 of the Company's plan to exit the traditional GCR-regulated merchant function and the provision of Standard Service Offer ("SSO") commodity service?**

A8. Yes, I worked extensively with internal and external stakeholders in designing and implementing the Company's Phase 1 Transition Plan and SSO auction process.

## II. OVERVIEW OF THE APPLICATION

**Q9. Please summarize the Company's Application.**

A9. In Case No. 05-474-GA-ATA, the Commission approved DEO's Phase 1 Application to exit the merchant function. In this proceeding, DEO is requesting the Commission's approval of the second phase of DEO's exit of the merchant function. Phase 2, which will be conducted as a pilot program, represents an intermediate step between Phase 1 and DEO's ultimate exit of the merchant function. In many respects similar to Phase 1, suppliers that prevail in the auction for Standard Choice Offer ("SCO") commodity service under Phase 2 will supply commodity for specific Choice-eligible customers, as opposed to tranches of wholesale load as is currently being done under Phase 1. DEO, however, will continue to take title to the gas and resell it.

**Q10. Why has the Company filed its Application?**

A10. DEO's desire to focus on its fundamental role as a local distribution company motivated it to file Phase 1; this Application represents the logical next step in that process. Phase 2 of the Company's plan to exit the merchant function will yield the same benefits that Phase 1 generated in creating and sustaining a more competitive commodity market on DEO's system. Phase 2 provides additional consumer benefits by giving suppliers the opportunity to serve specific customers rather than a fixed percentage of DEO's aggregate wholesale requirements. Like its predecessor, Phase 2 eliminates the confusion and market distortion created by the unrecovered gas cost portion of the GCR mechanism and shifts the costs and risks of unexpected changes in migration to the suppliers bidding to supply those customers in the future. The auction structure proposed for Phase 2 is designed to yield additional benefits by extracting the premium that suppliers place on obtaining a retail customer, with whom they can establish an ongoing contractual relationship. Suppliers will be able to establish relationships with customers without incurring customer acquisition costs, such as sales and marketing expenses. In a competitive market, DEO expects that the savings in customer acquisition costs will be reflected in suppliers' bids and thus be passed on to customers.

**Q11. Describe the results of Phase 1 so far.**

A11. Phase 1 has been successful for a number of reasons. First, the GCR, which prevented the apples-to-apples comparison necessary for the development of a competitive commodity market, was eliminated in favor of market-based pricing. Second, the number of customers receiving service under Energy Choice or through aggregation increased (from 796,623 in September 2006 to 820,572 in November 2007). Third, the number of suppliers competing for market share in DEO's territory also increased (from 16 to 17, taking merger activity into account; without merger, from 16 to 18). Fourth, the Phase 1 auction, which set the price of SSO service, was well-attended by suppliers that aggressively bid on the available tranches. The auction resulted in a price that Staff found was below historic GCR benchmarks. Lastly, the stakeholder process attracted a large number of participants and successfully addressed a number of issues related to the transition to SSO service and the potential structure of the Phase 2 pilot. For these reasons, DEO believes Phase 1 was a success.

**Q12. Does DEO's Application represent a drastic departure from Phase 1?**

A12. No. Approximately three-fourths of DEO's customer base will see no change at all in the structure of their commodity service or in the appearance of their bill. The only thing different about Phase 2 for the remaining customers will be the addition of a line on their bills informing them which supplier is providing their commodity. While DEO has structured Phase 2 to create a closer connection between suppliers and Choice-eligible sales customers, the program will operate in substantially the same way as Phase 1. Continuation of the incremental approach approved in Phase 1 protects customers from unintended consequences, grants the Commission regulatory flexibility, and best balances the interests of all concerned with DEO's exit of the merchant function.

**Q13. Will the Application benefit DEO's customers?**

A13. DEO believes that approving Phase 2 will result in benefits to customers. As with Phase 1, Phase 2 eliminates the confusion and market distortion created by the unrecovered gas cost portion of the GCR mechanism and shifts the costs and risks of unexpected changes in migration to the suppliers bidding to supply those customers in the future. Further, Phase 2 gives suppliers the opportunity to serve specific customers rather than a fixed percentage of DEO's aggregate wholesale requirements. The auction structure proposed for Phase 2 is designed to yield additional benefits by encouraging direct, ongoing contractual relationships between suppliers and customers. Based on supplier input received during the Phase 1 stakeholder process, DEO expects bids received in the retail auction to reflect the value of the customer acquisition cost that is avoided when a supplier is able to obtain a retail customer through an auction. While DEO obviously cannot predict or guarantee that lower prices will result from the Application, such a result is not required, as the Commission recognized in its order approving Phase 1. The elimination of confusion and market distortion and the promotion of direct contractual relationships between customers and suppliers will accrue regardless of the auction result.

**Q14. Please describe the materials submitted with the Application.**

A14. The following materials have been submitted with the Application:

- Appendix A, which is a Transition Plan for Phase 2.
- Appendix B, which is written materials related to service and product offerings which promote effective customer choice and the provision of adequate service.
- Appendix C, which is data regarding participation and competition within DEO's Energy Choice program, and the list of marketers currently operating on DEO's system.
- Appendix D, which sets forth information available on the DEO, Commission and Ohio Office of Consumers' Counsel websites.
- Appendix E, which describes total volumes delivered from marketer pools operating on DEO's system.
- Exhibit (C)(1), which is a demonstration of DEO's substantial compliance with Section 4929.02, Revised Code; an explanation of how granting the exemption will affect percentage of income payment plan customers; a discussion showing that the requested exemption does not involve undue discrimination for similarly situated customers; and a description of the complaint and inquiry process.
- Exhibit (C)(2), which is a discussion regarding the effective competition and reasonably available alternatives in DEO's commodity sales service market.
- Exhibit (C)(3), which is a discussion of services for which the exemption is requested; the number of customers affected; the availability of upstream capacity; and the open, equal, and unbundled nature of DEO's distribution service.
- Exhibit (C)(4), which discusses the separation plan.
- Exhibit (C)(5), which is DEO's code of conduct.
- Exhibit (C)(6), which is a scored copy of all proposed tariff schedules where applicable (schedule E-1), and current tariff schedules to which changes are proposed (schedule E-2).

- Exhibit (C)(7), which is the rationale underlying the proposed changes to the tariffs (schedule E-3).
- Exhibit (C)(8), which is a description of dockets in which special arrangements have been filed pursuant to section 4905.31 of the Revised Code, and which customers may be affected by the application.

All of these materials were prepared by me or under my supervision.

**Q15. Has the Company supplied the notice required by Section 4901:1-19-04(A)?**

A15. Yes. On November 28, 2007, DEO notified Commission Staff by letter addressed to the directors of the utilities department and the consumer services department of its intent to file an application. This notice was provided more than 30 calendar days before the filing of DEO's Application.

## III. COMPLIANCE WITH SECTION 4929.04, REVISED CODE

**Q16. What facts do you believe support a finding that DEO is in substantial compliance with the policy of this state specified in Section 4929.02, Revised Code?**

A16. In its Opinion and Order approving Phase 1, the Commission found that DEO was in substantial compliance with the state policy specified in Section 4929.02, Revised Code. *See* Opin. & Order, Case No. 05-474-GA-ATA (May 26, 2006). On September 20, 2007, the Supreme Court of Ohio unanimously affirmed this finding in *Ohio Partners for Affordable Energy v. Public Utilities Commission*, 115 Ohio St.3d 208, 2007-Ohio-4790. As discussed in detail in Exhibit (C)(1) to the Application, no material changes have occurred since both the Commission and Supreme Court found that DEO was in compliance with Ohio policy; in fact, the Application expands the scope and extent of this compliance.

**Q17. Is DEO subject to effective competition with respect to the provision of commodity sales service, and do DEO's customers have reasonably available alternatives for that service?**

A17. Yes. As described in detail in Exhibit (C)(2) to the Application, DEO is subject to effective competition and customers have reasonably available alternatives for commodity sales service.

**Q18. Are the findings that DEO is subject to effective competition and that DEO's customers have reasonably available alternatives supported by the number and size of alternative providers of commodity sales service or ancillary service?**

A18. Yes. The number and size of suppliers in DEO's service territory reveal a highly competitive market. DEO presently has 41 suppliers offering commodity service to its traditional transportation market and 17 suppliers participating in the Energy Choice program. The latter group of suppliers are of sufficient size and capability to consistently meet DEO's comparable capacity requirements; in fact, some suppliers hold considerably more firm capacity than is required to meet the minimum thresholds set forth in the Company's terms and conditions of Energy Choice pooling service.

**Q19. Are the findings that DEO is subject to effective competition and that DEO's customers have reasonably available alternatives supported by the extent to which commodity sales service is available from alternative providers in the relevant market?**

A19. Yes. As discussed above, over forty suppliers are competing to provide commodity-sales service to DEO's customers. Alternative providers not only are available, but are also competing to provide commodity-sales service in the place of DEO. Currently, 17 suppliers participate in the Energy Choice program, and 41 suppliers are active in DEO's traditional transportation market. As discussed in Exhibit (C)(3)(c), these suppliers possess more than enough capacity to serve DEO's entire Choice-eligible load.

**Q20. Do alternative providers (*i.e.*, suppliers) have the ability to make functionally equivalent or substitute services readily available at competitive prices, terms, and conditions?**

A20. Yes. The commodity-sales service provided by suppliers is functionally equivalent to that provided by DEO. The terms and conditions of the Energy Choice pooling service require suppliers to provide natural gas under the same reliability and quality standards as DEO. The number of suppliers competing for market share ensures that offers must be made at competitive prices, terms, and conditions. Even a brief perusal of the Commission's apples-to-apples chart applicable to DEO confirms that a wide range of prices, terms, and conditions are available for customers to meet their commodity sales service needs.

**Q21. Is there other evidence that supports the finding that DEO is subject to effective commodity sales service competition or that its customers have reasonably available options for that service?**

A21. Yes. As detailed in Exhibit (C)(2) to the Application, buyers and sellers can enter and exit DEO's market with ease, and the competitive market is diverse and robust. A few features of the Company's Energy Choice market should be highlighted:

- There are more competitive suppliers participating in DEO's market (17) than in Atlanta Gas Light's market (11), which, to date, is the only large LDC that has exited the merchant function.
- Two-thirds of DEO's customers participate and receive commodity-sales service under either Energy Choice or through governmental aggregation.
- Since Phase 1 was approved, the overall number of suppliers has increased, even taking merger activity into account.
- The Phase 1 auction, in which competing bids drove the SSO price to significantly lower levels than historic GCR benchmarks, provides further evidence that the market for commodity-sales service is highly competitive.

- Lastly, the number of participants in the Energy Choice program has grown by 3% since the introduction of Phase 1 to over 820,000 customers.

If DEO's natural gas commodity market is not competitive, it is difficult to imagine one that is.

**Q22. Does DEO offer distribution service on a fully open, equal, and unbundled basis to all its customers?**

A22. Yes. DEO provides distribution service, in accordance with its tariffs, on an open and equal basis. DEO's complies with the code of conduct approved in Case No. 05-474-GA-ATA, which mandates, among other things, that DEO shall apply and enforce its tariffs in a nondiscriminatory manner, shall not prefer any supplier or customer of any supplier over any other supplier or customer, and shall process similar requests for transportation in the same manner and within the same approximate period of time. Further, DEO's service is provided on an unbundled basis—DEO separates distribution charges (*i.e.*, monthly service charge and volumetric base rate charges) from commodity sales service charges (*i.e.*, gas usage charges) on its customers bills.

**Q23. May all of DEO's Choice-eligible customers reasonably acquire commodity sales services from suppliers other than the natural gas company?**

A23. Yes. As discussed above, the suppliers active in and competing to serve DEO's market have more than enough capacity to serve DEO's entire Choice-eligible load.

**Q24. How will the Company serve customers not eligible to participate in Energy Choice?**

A24. As in Phase 1, customers that are not eligible to participate in the Energy Choice program in Phase 2 will be provided SSO commodity service under the General Sales Service or Large Volume General Sales Service rate schedules. Choice-ineligible customers are comprised of those participating in the Percentage of Income Payment Program ("PIPP") or who have defaulted on more than one payment plan in the previous twelve months.

## IV. AUCTION PROCESS

**Q25. Please describe the auction processes DEO has proposed.**

A25. DEO has proposed two auctions: a wholesale auction to serve PIPP and Choice-ineligible customers, and a retail auction to serve Choice-eligible customers.

**Q26. How will the PIPP/Choice-ineligible auction process work?**

A26. DEO will use the PIPP/Choice-ineligible auction to procure wholesale supply under the same format as the SSO auction conducted in Phase 1. The term of the supply arrangements will be the September 1, 2008 to March 31, 2010 period. The format will be similar to the Phase 1 auction in that suppliers will compete for the right to serve a portion of aggregate customer load rather than specific customers. The load to be served will be divided into three tranches, with no single supplier able to acquire more than one tranche. Limiting the tranches that suppliers may serve is consistent with the approach used in Phase 1 and is intended to promote a diverse supplier base and minimize the impact and potential risk of any one supplier defaulting on its supply obligations. Under the descending clock auction process that will be used, suppliers will indicate whether they are interested in serving load at the Retail Price Adjustment ("Going Price") established for the round, which will be specified as an adder to the closing NYMEX price for the prompt month.

**Q27. What process is proposed for the Choice-eligible auction?**

A27. In the Choice-eligible retail auction, suppliers will compete for the right to serve the SCO load of tranches comprised of randomly assigned groups of customers with similar aggregate usage. In order to reflect the transitional nature of the commodity service to be provided in Phase 2, DEO will purchase the supply from SCO providers for resale to the customer. As in the wholesale auction that will be conducted immediately beforehand, this auction will begin under a descending clock format in which individual suppliers may bid to serve up to one-third of the available market. Bidders participating in the SCO auction must be certified CRNGS providers.

As explained in more detail in the Phase 2 Transition Plan included as Appendix A to the Application, the retail auction will use the results of the wholesale supply auction as the floor price. If the latter auction concludes at a price above the SSO auction result, it will terminate in accordance with pre-established end-of-auction rules. If, however, the Going Price falls to the wholesale auction price and the market remains over-subscribed (i.e., suppliers have indicated a willingness to serve more than the nine tranches required to serve the entire SCO market at that price), the auction will transition to an ascending auction format in which suppliers bid for the right to serve tranches of customers at the price established in the wholesale auction. Based on supplier input received during the Phase 1 stakeholder process, DEO expects bids received in the retail auction to reflect the value of the customer acquisition cost that is avoided when a supplier is able to obtain a retail customer through an auction.

Under the ascending auction format, bids will be submitted as the total number of tranches that the supplier is willing to "purchase" at the value identified for the round.

Winning suppliers will be awarded the right to serve the load of customers in their tranche(s) at the price established in the wholesale supply auction. Those suppliers will make a one-time payment to DEO based on the results of the ascending auction, and DEO will return those funds to customers by crediting amounts that would otherwise be recovered through the Transportation Migration Rider – Part B, which is applicable to all SSO, SCO and Energy Choice customers. Crediting amounts received in that manner will avoid the market disruption that would occur if the payments were to be credited to only a portion of the market.

**Q28. Who will be asked to submit bids?**

A28. As in the SSO auction conducted in Phase 1, DEO will invite all of the over forty suppliers currently active on its system to participate and will provide press releases announcing its intent to conduct an auction to major trade press outlets such as *Gas Daily, Inside FERC Gas Market Report, Natural Gas Intelligence,* and *Restructuring Today*. The press release will also include appropriate contact information. In addition, DEO will request marketer trade groups such as the National Energy Marketers Association to announce the auction to member companies. All suppliers will have to be pre-approved by DEO before the auctions are conducted, and those interested in participating in the retail auction must be certified by the Commission as Competitive Retail Natural Gas Suppliers. Although not assured, the opportunity to acquire upwards of 100,000 retail customers may attract new CRNGS providers into DEO's market and give customers even more options for Energy Choice commodity service than they have at present.

**Q29. Can DEO conduct the auction and make awards without Commission approval?**

A29. No. As in Phase 1, DEO will seek Commission approval of the auctions results before making awards and executing the related purchase and sales agreements with suppliers.

**Q30. Will the proposed auction process guarantee that the PIPP commodity rate remains at or below the SCO rate?**

A30. Yes. The stakeholder group established to assess Phase 2 customer movement options concluded that PIPP customers should pay no more for commodity service than non-PIPP SSO customers migrating to SCO service in Phase 2. While DEO believes that appropriate commodity pricing can be achieved without that limitation, it nonetheless has incorporated such a provision into its Phase 2 auction design. The retail auction used to establish the SCO rate will thus use the results of the PIPP/Choice-ineligible wholesale supply auction as the floor price. If the retail auction concludes at a price above the wholesale auction result, it will terminate in accordance with the end-of-auction rules; if not, the retail auction proceeds to the ascending format described above in which suppliers compete for the opportunity to serve specific customers at the PIPP/Choice-ineligible wholesale supply auction price.

**Q31. Does this conclude your direct testimony?**

A31. Yes.

**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|---|---|---|
| **In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services from Chapters 4905, 4909, and 4935 except Sections 4905.10, 4935.01, and 4935.03, and from specified sections of Chapter 4933 of the Revised Code.** | ) ) ) ) ) ) ) ) ) ) | **Case No. 07-1224-GA-EXM** |

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**DIRECT TESTIMONY OF VICKI H. FRISCIC**
**ON BEHALF OF DOMINION EAST OHIO**

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**Q1. Please introduce yourself.**

A1. My name is Vicki H. Friscic. I am employed by The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO" or "Company") as its Manager, Regulatory & Pricing, reporting directly to Jeffrey Murphy. My business address is 1201 East 55th Street, Cleveland, Ohio 44103-1028.

**Q2. Please summarize your education and work experience.**

A2. I graduated from Ohio University in 1980 with a Bachelor of Business Administration degree. In 1980, I joined the accounting firm Price Waterhouse as an auditor, became a licensed CPA in 1982, and was promoted to Audit Manager in 1986. From 1987 to 1989, I worked for Progressive Insurance and held managerial accounting positions with responsibility for accounts payable, billing, cash processing, and internal reporting for Progressive's Financial Services Group. In 1989, I was employed by Pepsi-Cola as Manager, Financial Services for its Northeast Ohio franchise with responsibility for accounts receivable and credit, route sales auditing, and computer operations. From 1993 to 1997, I worked as a CPA for a local firm providing accounting, business consulting, and tax services to small businesses. I was hired by The East Ohio Gas Company (now DEO) in December 1997 as Manager, Tax and Accounting Services. In 2001, I joined DEO's Pricing and Regulatory Affairs department. I am currently a member of the Ohio Society of CPAs.

**Q3. Please summarize your responsibilities as Manager, Regulatory & Pricing.**

A3. My current responsibilities include preparing tariff and other regulatory filings, determining the adequacy of rider rates, tracking regulatory cost deferrals and related recoveries, coordinating and providing support for internal and external audits, providing rates-related accounting and tax support, responding to rates-related inquiries, and providing support for any other regulatory matters.

**Q4. In your capacity as Manager, Regulatory Pricing, are you generally familiar with the Company's books and records?**

**A4.** Yes.

**Q5. What is the purpose of your testimony?**

**A5.** My testimony addresses cost recovery through the Transportation Migration Rider – Part B and Energy Choice program costs under DEO's Phase 2 transition plan described in the Application.

**Q6. Explain the Transportation Migration Rider – Part B.**

**A6.** The Transportation Migration Rider – Part B was originally established in Case No. 96-1019-GA-ATA, in which East Ohio was granted approval to implement its initial pilot of the Energy Choice program, to recover the following costs: (1) costs of upstream pipeline capacity, including contract storage and firm transportation, retained for operational balancing purposes, (2) unrecovered gas costs associated with the migrating customers' prior receipt of GCR commodity service, and (3) costs incurred for customer and employee education and system enhancements specifically related to the Energy Choice program during the initial 18-month term of the program.

Upon implementation of DEO's Phase 1 transition plan, as approved in Case No. 05-474-GA-ATA, the rider became a tracker designed to recover all operational balancing costs as well as certain costs and credits included in the list below that were formerly handled through the GCR mechanism. The rider rate, which will be updated quarterly on the same schedule as DEO's former GCR filings, reflects the following:

- All costs associated with maintaining operational balancing inventories, including contract storage, the withdrawal season firm transportation ("FT") needed to support firm withdrawals, the injection season FT needed to support firm injections, and carrying cost on the inventory as currently recovered through the GCR;
- The net effect of any receipts or disbursements associated with cash-outs, on-system storage sales or purchases, and operational sales of storage;
- The crediting of contract storage costs recovered through the Transportation Migration Rider – Part A and Volume Banking Service charges that are billed to non-Energy Choice transportation customers;
- The crediting of migration-related charges included in seasonal FSS injection and withdrawal rates;
- The cost of purchased gas, net of storage activity, incurred by DEO as a result of differences between actual unaccounted-for gas levels and volumes provided though the fuel retention charged transportation customers;
- Any difference between the amount billed for provider of last resort ("POLR") service and the actual cost incurred for the volumes purchased or withdrawn from storage; and
- Associated excise tax.

DEO retains detailed accounting information for each of the above items, but combines their effects into a single rider rate applicable to all Standard Service Offer ("SSO") and Energy Choice customers and, in the future, Standard Choice Offer ("SCO") customers.

**Q7. Does the Transportation Migration Rider – Part B include a component for unrecovered gas costs?**

**A7.** No. Under the Phase 1 transition plan, as approved, the Transportation Migration Rider – Part B initially included a component designed to recover unrecovered gas costs accumulated under the former GCR rate and remaining upon implementation of the SSO rate. Before discontinuing GCR service, DEO estimated the balance of unrecovered gas costs and related excise tax expected to remain at the point of transition to SSO service. That estimated balance was a negative balance indicating over-recovery of prior gas costs, was converted to a unit rate that was credited against, and thereby reduced, the initial operational balancing rate billed to all SSO service and Energy Choice customers. The estimated balance of over-recovered gas costs at the point of transition to the SSO rate was subsequently trued up to actual costs, and the total Transportation Migration Rider – Part B rate was adjusted accordingly. DEO removed the unrecovered gas cost credit in March 2007 since the over-recovery of prior gas costs had been fully passed back to customers at that point. There are no further unrecovered gas costs under the SSO rate because the SSO rate charged to customers is equal to the price paid by DEO for gas supplies as determined in the auction process.

**Q8. Will Energy Choice program costs be charged to customers or suppliers during the proposed Phase 2?**

**A8.** No.

**Q9. Please explain.**

**A9.** Energy Choice program costs for Phase 1 include incremental expenses associated with customer and employee education, market research, load research, and billing system and electronic bulletin board changes that will enhance the operation of the Energy Choice program. The stipulation with suppliers approved in Case No. 05-474-GA-ATA provided funding for those costs up to $14 million through the 1% discount on billed sales withheld from Energy Choice suppliers from April 2005 through the termination of that discount upon implementation of the SSO rate and a fee of $0.0211 per Mcf on volumes billed on behalf of the suppliers effective starting October 12, 2006. Any amounts expended over and above that $14 million would be paid by DEO and held for recovery in a future rate case. The $14 million funding cap was reached in May 2007, after which DEO ceased billing the suppliers the charge of $0.0211 per Mcf. Accordingly, there will be no further funding charged to customers or suppliers during the Phase 2 program.

**Q10. Does this conclude your direct testimony?**

**A10.** Yes.